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NEWS SUMMARY

GENERAL

Flood of gifts for Queen Mother

It was a day of banners, 21-gun salutes, enormous sacks of birthday mail, record requests, posies from children—and abundant affection for the Queen Mother.

Her 80th birthday began with crowds outside her London home chanting: "We want the Queen mum," and singing: "For she's a jolly good fellow." And it ended with her family at the Royal Opera House, Covent Garden.

Gifts and tributes, including a record request from Princess Margaret on BBC Radio 2, poured in throughout the day. But the most unusual was from ... George Stafford of Ilkeston, Derbyshire—a 6 lb prize-winning ...k pudding.

Iranian arrests

About 20 Iranians demonstrating outside the American Embassy in London in support of students jailed in the U.S. were arrested after clashes with police. Iranian anger, Page 3

Cossiga pledge

Italian Premier Francesco Cossiga pledged his Government would find those responsible for the Bologna station bomb blast as millions demonstrated against the outrage. Back Page

Youths innocent

Attorney General said the three youths convicted of the murder eight years ago of homosexual prostitute Maxwell Confait were totally innocent. They had already been freed by the Appeal Court.

Home loans fall

Number of home loans being arranged has fallen to its lowest point for over three years, said the Building Societies' Association. Page 7

Salem 4 wanted

Warrants were issued for the arrest of four men involved in the mystery sinking of the supertanker Salem, scuttled in the Atlantic six months ago. Page 6

Holiday crash

British holidaymaker was killed and about 15 tourists were injured when a coach with 49 on board left the road and overturned in Yugoslavia.

Eisteddfod protest

Welsh language demonstrators raided an Independent Broadcasting Authority display stand at the National Eisteddfod, spraying slogans and tearing up leaflets.

Uganda poll date

Ugandan political parties agreed to set September 30 as the date for the country's first general election for 18 years.

Tomin can leave

Czech dissident philosophy professor Julius Tomin has been given permission to leave Czechoslovakia for five years to lecture at Oxford.

Machel visit

Thousands lined Salisbury streets to greet Mozambique President Samora Machel, but his Zimbabwe visit caused ill feeling within the ruling coalition. Page 3

Divine power

New owner of the Archbishop of Canterbury's 13-year-old Morris Minor plans to drive it in the 3,000 mile Air India rally in the Himalayas.

Briefly...

Hurricane Allen headed for Puerto Rico after leaving a trail of destruction in Barbados. Page 4

BUSINESS

Dollar weaker; Gold up $8

● DOLLAR weakened to DM 1.7850 (DM 1.7925), reacting to the lower trend in Eurodollar rates. Its trade-weighted index fell to 84.7 (84.9). Page 22

● STERLING rose 95 points to close at $2.3430 and its index increased to 74.6 (74.6). Page 22

● GOLD moved up steadily in London to finish $8 higher at $629.5. Page 22

● GILTS slithered again, leaving the FT Government

Securities index 0.54 off at 70.24. Page 26

● EQUITIES started listlessly. A modest technical recovery developed later, but the FT 30-share index closed 4.5 down at 483.4. Page 26

● WALL STREET was 2.21 down at 929.27 near the close. Page 24

● STEEL producers have joined the attack on the energy price increases confronting industry. Back Page; ICI gas contract, Page 6; Japan's seamless steel pipe sales, Page 4

● COAL BOARD is dealing with more than 1,000 inquiries from industries considering switching to coal from oil and gas. Page 6

● NATIONALISED industries external financing limits are to be more flexible. Back Page

● SWITZERLAND may have a current account deficit this year for the first time since 1965. Page 2

● GETTY OIL and four of the biggest U.S. motion picture producers have been accused by the Justice Department of trying to fix prices in the pay television industry. Page 19

LABOUR

● ELECTRICIANS became the second union to reject the TUC's proposals to settle the Isle of Grain power station site dispute. Page 6

COMPANIES

● CHARTER COMPANY, the U.S. oil and media group, has been forced to call off two major acquisitions worth a total of $850m (£362.7m). Page 19

● REMY MARTIN, the French cognac concern, is near concluding a joint venture agreement to make wine in China. Page 4

● AAH, fuel distributors, reported final quarter pre-tax profits marginally down at £2.61m (£2.65m), to give £9.07m for the year to March 31, up £2.25m. Page 16

● ELLIS & EVERARD, industrial chemical distributors, expanded taxable profits in the year ended April 30 by 46 per cent to £1.54m (£1.05m on sales up 27 per cent at £28.23m (£22.12m). Page 17

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Derritron	28xr	+ 3
Ellis and Everard	136	+ 8
Huntleigh	124	+ 10
Johnson Matthey	395	+ 8
Newarthill	315	+ 7
Pawson (W. L.)	43	+ 7
Pullman (R. and J.)	44	+ 6
Stocklake	64	+ 6
Vosper	190	+ 20
Westward TV	22½	+ 3½
Wholesale Fittings	740	+ 15
Gold Fields SA	£33¼	+ ¼

FALLS

Treas. 15pc 1985	£106¼	− ¼
Excheq. 12½pc '92	£92¾	− 1
Alexanders Dscnt.	265	− 13
Argyll Foods	59	− 4
Bloe Circle	368	− 12
Dowty	230	− 9
GEC	474	− 6
GKN	246	− 7
Higgs and Hill	86	− 4
Highland Distlls.	120	− 18
Hoover A	168	− 4
ICI	366	− 6
Lonrho	102	− 6
Metal Box	284	− 8
Polly Peck	97	− 6
Rockware	96	− 9
Smith (W. H.) A	144	− 5
Smith St. Aubyn	146	− 8
Taylor Woodrow	476	− 12
Thorn EMI	336	− 6
Tomatin	153	− 7
Wigfall (H.)	148	− 15
BP	342	− 6
Strata Oil	102	− 8
Tricentrol	322	− 8
Ventersport	671	− 17
West Drie.	£37	− ¼

Abolition of Clegg points way to firm line on wages

BY PHILIP BASSETT, LABOUR STAFF

THE ABOLITION of the Clegg Commission on pay comparability was greeted yesterday with approval by employers and Conservative MPs, but it drew strong protests from trade union leaders.

The Prime Minister announced the move in a Commons written answer. It shows clearly that the Government intends to take a firm approach to the winter pay round, particularly in the public sector.

It follows last week's tough announcement by Ministers which effectively suspended, for this year at least, the outcome of the Civil Service's pay research comparability unit.

In a separate statement, Mrs. Thatcher confirmed the continued operation of the three other major public service review bodies, covering the pay of top salaried officials, doctors and dentists, and the armed forces.

Calculations for these reports, though, are not based solely on comparability with outside jobs.

The Government had been concerned about the cost of the Clegg Commission's pay recommendations. The commission estimated that its eight reports on the pay of various groups has added £1.32bn to the relevant range of paybills.

Whitehall officials said yesterday that the commission's recommendations to date had added about 2 per cent to earnings growth in the past year.

The commission will be wound up once it has reported on outstanding references, which should be by the end of the year.

Thanking Professor Clegg — who was appointed by the last Labour Government — for his work, Mrs. Thatcher said the Government was not satisfied the commission had proved the most satisfactory means of determining the pay of public service workers.

She said: "For the future, pay needs to be negotiated with full regard to the country's economic circumstances, to the need to improve the efficiency of the public services and to what the taxpayer and ratepayer can be expected to afford."

The Prime Minister singled out the commission's reluctance, declared publicly yesterday, to take account either of workers' efficiency or the supply and demand of the labour market.

Professor Clegg said the termination of the commission stemmed directly from the Government's view of how public sector pay ought to be treated, which was incompatible with the principle of comparability.

He acknowledged that the commission's £130m error in drawing up its report on teachers' pay had created an environment within which it was easy for the Government to abolish the commission.

He thought previous examples showed there would have to be a return to comparability

Elinor Goodman writes: Some Right-wing Conservative MPs were a little uneasy about the Government's decision to retain the three pay review bodies. They feared that this meant the Government had not entirely forsaken the concept of comparability which they blame for so many of the problems on the pay front.

But most comforted themselves with the thought that Ministers have been increasingly disregarding the recommendations of these bodies.

PUBLIC SECTOR PAY LIMITS

More severe cash limits are to be used to restrain public sector wages. The aim will be to link the public wage bill to monetary targets. Back Page

Parliament Page 9 ● Editorial Comment Page 14

BP gains access to oil in Shetland field

BY RAY DAFTER, ENERGY EDITOR

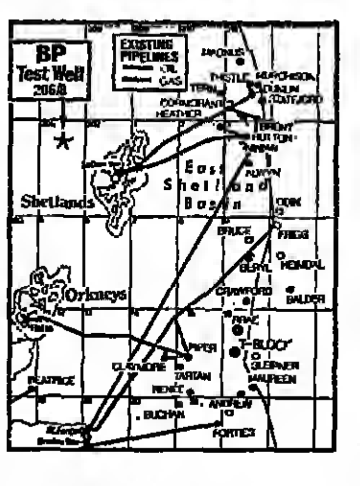
BRITISH PETROLEUM has found the key to developing one of the biggest—but till now inaccessible—oilfields on the UK Continental Shelf. The reservoir of thick, heavy oil is west of the Shetland Islands.

The problem was that the thickness of the oil and the type of rock making up the reservoir combined to prevent the oil from flowing. Now BP and its partners, Chevron and Imperial Chemical Industries, have successfully boosted flow rates by fracturing the reservoir rock.

Liquid was pumped into the sandstone rock under pressure. Resultant cracks were kept open by injected grains of sand. Oil flowed through these cracks at a rate of about 2,000 barrels a day, 2½ times the natural flow rate.

The unnamed field is thought to contain between 3.5bn and 4bn barrels—about as much as was contained originally in the big North Sea Forties Field, also operated by BP.

But whereas BP is expecting to recover at least 1.8bn barrels of Forties crude, it had been concerned about obtaining commercial quantities of heavy oil out of the poor quality reservoir rock in the discovery to the



west of Shetland.

The company is said to be extremely encouraged with the result of the test carried out on block 206/8, some 50 miles west of the Shetlands. The well, drilled by the rig Dundee Kingsnorth, close to the original discovery-well, has been capped as a "potential oil-producer," BP said last night.

This indicates that the company is already tentatively considering commercial development of the field. Meanwhile, the rig has been moved four miles north to drill an exploration well in the same block.

Part of the multi-million pound costs of the test was met by neighbouring licensees — Elf, Conoco, British National Oil Corporation, and Gulf (206/7) and Esso (206/12 and 206/13).

This is the second time that the fracturing technique has been used in the UK. Last month Chevron, in association with BP, announced that it had successfully fractured part of the South Ninian oil reservoir in block 3/8, some 100 miles north-east of the Shetland Islands.

The West Shetland field, scene of the latest test, was discovered in August, 1977. Oil of 25 degrees API gravity was tested at a total rate of 2,920 barrels a day.

A second well was drilled a year later. This found even heavier and thicker oil, of 22 to 25 API. The third well, sunk in December, 1978, found heavy oil. Although two flow tests were carried out, the first was unsuccessful and the second produced only 530 b/d.

A fourth well drilled last year was plugged and abandoned without tests being conducted, although oil of 24 degrees API gravity was discovered.

Abboud given top Occidental job

BY DAVID LASCELLES IN NEW YORK

OCCIDENTAL PETROLEUM yesterday named Mr. Robert Abboud as its president and chief operating officer. He was dismissed as chairman of the First Chicago Bank earlier this year.

The news of one of the most surprising U.S. executive appointments in years was so unexpected and Mr. Abboud's choice so puzzling to Wall Street that Occidental shares lost more than a dollar in active trading, and some stock analysts removed Occidental from their "buy" list.

The announcement was made by Mr. Dr. Armand Hammer, Occidental's crusty 82-year-old chairman and chief executive who built the Los Angeles-based company into the twelfth largest oil group in the U.S. He praised Mr. Abboud's "broad and diverse" business background and his high-level involvement in companies of importance to Occidental.

Mr. Abboud said Occidental was uniquely positioned in the energy, minerals, agricultural and chemical businesses, all of which he described as vital to the future.

Mr. Abboud's appointment which lines him up as successor to Dr. Hammer, who is expected to retire soon, was made despite his lack of direct experience of Occidental's field of business except for his directorship of Standard Oil, Indiana, from which he has resigned. The two have apparently known each other for some time, and Dr. Hammer must have been able to form his own judgment of Mr. Abboud's abilities.

Mr. Abboud, 51, was dismissed from First Chicago in April partly because the bank had not been performing well. His abrasive management style was said to have harmed morale within the bank and produced damaging management upheavals.

He replaces Mr. Zoltan

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CONTENTS

Teachers likely to receive full rise

By Elinor Goodman

TEACHERS LOOK like receiving the full pay rise recommended by the Advisory Conciliation and Arbitration Service in spite of the Prime Minister's concern over the implication of the increase for other settlements.

Ministers are believed to have come down, at a meeting yesterday, in favour of giving Britain's half a million teachers the 13 to 14 per cent increase recommended. Agreement was reached after a heated argument between Ministers. In this it was pointed out to the Prime Minister that the Government might be unable to secure in the Lords the resolution needed to overturn the recommendation.

An announcement is likely to be made today. It is likely to be emphasised that the increase —which will cost roughly £520m in a full year—will have to be funded out of the existing cash limit on local education authorities.

Negotiations on university teachers' pay will continue but the signs are that their recommended increase of more than 19 per cent, backdated to last October, will be trimmed back.

At last Thursday's Cabinet meeting Mrs. Thatcher clashed sharply with Mr. Mark Carlisle, Education Secretary. He said the award should be honoured in full and that teachers would not sit back meekly and accept reduction.

No decision was taken at the meeting, but the signs were that the Prime Minister would win the argument on the grounds that it was essential that the Government was seen to keep pay increases under its own control to below single figures.

Since then, however, Ministers have been convinced of the parliamentary difficulties surrounding any move to cut the increase. Because of the legislation covering teachers' pay, a reduction in the proposed increase would have to be approved by an affirmative resolution of both Houses.

Michael Dixon, Education Correspondent, writes: Earlier yesterday the Prime Minister was warned by the National Union of Teachers that Government refusal to pay the increase in full would "create bitterness and resentment among teachers."

£ in New York

—	Aug. 1	Previous
Spot	$2.3350-3370	$2.3290-3310
3 months	1.40-1.35 dis	1.55-1.50 dis
1 months	3.47-3.42 dis	3.60-3.55 dis
12 months	5.50-5.60 dis	6.90-6.80 dis

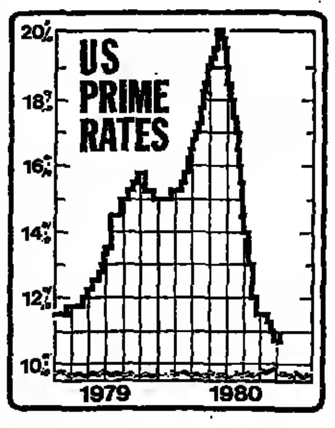
Chemical Bank puts up prime

BY IAN HARGREAVES IN NEW YORK

THE U.S. prime lending rate showed its first sign of an upward move in four months yesterday when Chemical Bank of New York raised its prime from 10¾ per cent to 11 per cent.

This was a retreat from the 22-month low Chemical had set for the prime rate less than a fortnight ago.

Of the larger banks, only Chase Manhattan had joined Chemical at 10¾ per cent, with the bulk of the banks sitting tight at 11 per cent as evidence mounted last week that the low point of the present interest rates cycle may have been reached.



The feeling on Wall Street yesterday was that it is still too early to call a turn in the market, although some expect to see the prime edge above 11 per cent in the near term.

Reaction in the nation's money markets to this latest indication of a cyclical upswing in the U.S. economy was muted by nervousness ahead of a major Treasury refinancing which starts today.

One trader described the money market in New York as "unbelievably quiet," with no significant movements in interest rates or bond prices. The Treasury needs to raise $3.2bn in new funds this week and several corporations have delayed their own debt issues to test the market's reaction to the Treasury auction first.

The markets are also warily awaiting the next intervention in the money market by the Federal Reserve Board, which has caused anxiety in some

Continued on Back Page

Gilts fall sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Prices of gilt-edged stocks fell sharply again yesterday as the prospect of an early cut in Minimum Lending Rate receded further and the stock market became more apprehensive about the July banking figures due out this afternoon.

There were falls of up to £1 in long-dated stocks and up to £¾ in shorts, a big movement in a single day at this end of the market.

The FT Government Securities index has dropped by 2¼ per cent in the past week and the 1991 tap stock closed last night at £18½ compared with the price of £20¼ at which it was sold by the Government Broker less than a fortnight ago.

The market's confidence has been undermined since warnings began to appear about the impact of the end of the corset controls on today's figure and following the decision not to cut MLR last Thursday.

There will be particular interest this afternoon to see how far it is possible to distinguish between the corset distortions and any change in the underlying demand for credit. Uncertainties on this point have strengthened the case for caution on MLR.

The selling pressure in the gilt market has also reflected profit-taking by overseas holders ahead of the summer holidays and switching by domestic investors ahead of the large calls during the next month on the partly-paid stocks issued since the early summer.

These calls have helped drain liquidity out of the banking system and money market rates have risen sharply over the last fortnight. Seven-day and three-month interest rates are both up to ¾ of a percentage point higher.

These pressures could mean that the authorities will extend the £1bn of temporary assistance to the banking system which is due to be repaid by the end of the current banking month on August 20.

UK reserves rise and Lex. Back Page

Money markets, Page 22

West German arms deals under scrutiny

BY ROGER BOYES IN BONN

THE West German authorities are investiagting a Duesseldorf-based arms company, an action which could have far-reaching implications for Bonn'e policies on exporting weapons to countries outside the North Atlantic Treaty Organisation.

A special commission, set up by the Federal Criminal Investigation Office and the North Rhine Westpbalia state prosecutor, is examining whether Rheinmetall, a machino construction and arms company, has been selling arms illegally to the Middle East, South Africa and South America.

The Bonn Government impoaes tigbt restrictions oo arms sales to non-NATO countries and bans weapona exports to "areas of tension." This category normally would include South Africa and most Middle East countries. Exceptions can be made if specifically approved hy the Government.

Rheinmetall, which makes tank turrets and harrels aa well as emall arms, bas denied acting illegally. Neither the company (annual turnover DM 700m) nor the commission would comment on the details of the case, which it is nnderstood, deals mainly with large shipmeots of small arms.

But the issue is likely to prove controversial, partly because it centres on a particularly weak point in West German arms legislation—the so-called "final use clause"—and partly because it comes at a time when hoth the ruling Social Democratic and Free Democratic parties have been stepping np pressure to curh weapons exports.

Final use clauses

The Government insists that final use clauses are written into most weapons sales contracts between West Germany and other NATO countries: that is, the purchaser must promise not to re-export the weapons to a non-NATO country. This ia secured through an import certificate issued by a Government authority in the purcbasing country and represents a commitment that tbe weapons will not be sold outside NATO territory without the written permission of the Bonn Government.

These clauses are extremely difficult to enforce, however, and raise the question of whether a West German company should be held responeible if its arms ond up being sold to a country in an "area of tension."

Both ruling coalition parties have been urging stricter legislation on arms exports. They say that Parliament should be informed if the Government's Security Council decides to approve weapons sales to non-NATO countries, and that the sale of licensing rigbts to foroign arms manufacturers should be subject to government control.

A middle path

Tho Government, wbile sensitive to the pressure building up on its own backbenches has tried to tread a path between regulating arms sales and completely stifling the domestic arma industry.

This appliee particularly to the shipping industry which baa loog been suffering from thin ordor books. The West European Union's recent decision to lift the post-war restrictions on the tonnago of warships built io West Germany bas to be seen in this context.

While the lifting of the limits—3,000 tonnes for surface vessels and 1,800 tonnes for eubmarines—makes almost no difference to the West German Navy as there is no need for larger vessels at present, it does allow West Germany's shipyards to accept large orders from abroad and compete more easily in the military sphere with other countries.

West German shipbuilders believe there is a good chance of orders from NATO and non-aligned countries, even when theso fall technically under the "area of tension" restriction. The Bonn Government bas been rolatively generous as far as warship exports are concerned, sometimes arguing that such sbips can hardly be used by authoritarian regimes to suppress their citizens.

Earlier this year, West Germany followed the example of Britain and lifted its arms export ban to Chile, a move tacitly designed to encourage West German military ship builders to seek orders in the area.

Switzerland expects 'massive' trade gap

BY JOHN WICKS IN ZURICH

THE SWISS balance of payments may sbow a deficit on current account this year for the first time since 1965. This would result from wbat the federal Government expects to be a "massive" trade deficit for 1980.

In the first half of this year, the vieible trade deficit reached nearly SwFr 5.96bn (£1.55bn), compared with only a SwFr 1.58bn (£411m) deficit for the aame period of 1979. Switzerland's highest annual trade deficit in 1974, totalled only SwFr 7.57bo. There are no eigns of the value of imports falling io the second balf of tha year.

Definitive figures just released in Berne put the current account surplus at SwFr 4.06bn for the 1979 calendar year. This is little more than half the SwFr 7.87bn surplus in the previous year, and the lowest figure since 1974.

The drop was due primarily to a sharp rise in last year's foreign trade deficit, from SwFr 520m to SwFr 4.7bn, while tha surplus on tourism income narrowed from SwFr 1.9bn to SwFr 1.48bn.

Earnings of foreign workers crossing the bordar to work rose to a net SwFr. 2.28bn, from SwFr 2.11bn, and foreign workers' income transferred out of Switzerland grew from SwFr 925m to SwFr 945m.

However, capital income rose from SwFr 6.17bn to SwFr 7.11bn net, and private insurance earnings from SwFr 410m to SwFr. 470m.

● For the first time, the Swiss National Bank has reported the bolding of assets in the form of special drawing rights. The bank's ten-day report as of July 31 shows a sum of SwFr. 10.8m, the equivalent of SDR 5.1m at a rato of SwFr 2.12389.

The drawing rights were transferred to the hank by tha International Monetary Fund as partial repayment of a loan made by Switzerland in 1975 to the Fund'a "oil facility." The national bank is permitted to hold SDRs since the Swiss law governing the bank was revised and a decision taken by the Fund in April this year. Switzerland is not a member of the Fund.

Foreign currency reserves nf the Swiss National Bank at the end of last month stood at SwFr 20.37bn, wbile gold holdings remained unchanged at SwFr 11.9bn.

Property sales booming

BY JOHN WICKS IN ZURICH

SALES OF Swiss property tn foreigners living abroad reachod a record SwFr 1.58bn (£446m) last year. Federal and cantonal authorities approved all but 69 of 5,975 applications to purchase made during the year, according to Governmont figures released in Berne.

The news comes only days after an announcement that tho Ministry of Justice is to draft new regulations to restrict the aale of property to aliens. The Government coosidors existing rules insufficient to curb the run on Swiss property, some SwFr 11.31bn (£3.2 bn) of which is known to havo heen aold to foreigners since 1961.

The boom continued in the sale nf holiday flats during 1979. Some SwFr 990m of last year'a salea were of this type, hringing the total transactions in this field in the past 18 yeara to SwFr 4.95bn (£1.4bn).

As in previoua years, most transactions were in the main holiday resort areas. Canton Valais topped the list last year with as many as 2,215 of all sales, followed by the Grisons, Vaud and Ticino.

Strike over but Spanish port dispute unresolved

By Robert Graham in Madrid

Spanish ports began to return to normal yesterday after a strike and lock-ont that paralysed almost all seaborne trade for twn weeks.

Bnt the dispute hetween dockworkers and the companies operating the ports still remains unresolved at Barcelona, Alicante and Santander. The strike continued in the Canary Islands, hnt that was largely in prntest abont the use of non-union labour.

The Ministry of Labour imposed a compulsory settlement last Wednesday. This dealt with the workers' pay claim bnt avoided one of the fundamental issues.

That is a dispute over the refnrm of the workers' nrganisation. Tho employers and tha Socialist trade uninn earlier agreed to reforms remnved the power of the workers' ...organisation ...tn control tho hiring and firing of dockwnrkers. But the Socialist union only represents about 5 per cent of the lockworkers. The rest are represented by tho Communist-controlled Confederation of Workers' Commissions and small radical groups.

In an effort to make the agreement ...stick, ...tho employers refused to negotiate a new wage contract wben it fell dne on April 1. In reply the excluded unions organised a series of protests fearing that reorganisation would cut employment and further reduce their control.

A feature of the dispute has been the power struggle hetween the Socialist and Communist unions and the Communists appear to bave made their weight tell by the panies began to sign agreements on terms proposed hy the Wurkers' Commissinn, and yesterday somo 300 of the 800 port employers had done so.

In Barcelona where positions are most entrenched no headway has been made. There the emplnyers' organisatinn has refused to accert proposals put forward by the Communist-controlled uninn.

The Ministry of Labour compulsory settlement laid down that talks on reform of the wurkers' nrganisation should begin next mnnth.

Gdansk crane strike

Crane operatnrs at Gdansk went on strike on Saturday in support of demands for higher pay, according to dissidents, Renter reports from Warsaw. The dissident Self-Defence Committee also reported that a three-day stnppage by 2,000 dockers at Gdynca had ended with pay rises nn July 31.

Ceausescu in Russia

President Nicolaie Ceausescu of Rumania began a visit to the Soviet Union yesterday, AP reports from Bucharest. Tho visit comes shortly after a trip by the Romanian leader to Paris for talks with President Giscard d'Estaing.

6 more die in Turkey

Tho bullet-riddled bodies of three workers have been fnund by security fnrces at Kayseri in central Turkey and political terrorists committed three mnre murders elsewhere in the country yesterday, AP reports from Ankara. They are tho latest in a spate of terrorist killings that cost more than 100 llves last week. An Istanbul newspaper said that 1,652 people had been killed slnce Mr. Suleyman Demirel's conservative Govennment came to power nine months ago.

Itailan output down

Italy's Natinnal Institnte for Economic Studles said yesterday that 42 per cent of industries qoestioned had experienced low demand in Jnne (36 per cent in May) and 25 per cent (17 per cent) reported low prodnction levels, Reuter reports from Rome.

Rhine pollution

An environmental organisation called "Save the Rhine" aaid yesterday lt would sue West German, French and Swiss cbemical companies whleb it claimed were pnlluting tho Rhine, Reuter reports from Bonn.

Crisis in Sweden

Sweden is close to an economic crisis, Mr. Thorbjörn Fälldin, the Prime Minister, said at the weekend, Reuter reports from Stockhnlm. The Cabinet is meeting this week tn look at ways to tackle the country's trade imbalance, which shnwed a SKr 6bn (£610m) deficit for the first half of 1980, compared with a SKr 760m surplus in the first balf of 1979.

Turkey devalues

Turkey yesterday devalued the lira by 2.5 per cent against the U.S. dollar and by varying amounts against other major currencies, Reuter reports from Ankara. The lira has been devalued abont ten times this year. Yesterday's move takes the dollar's valne from L78 to L80.

David Satter in Moscow assesses the impact of the Olympic Games on Soviet life

How the Kremlin kept Moscow under wraps

THE 1980 Moscow Olympic Games were for long the focus of the most varied hopes and expectations. The games have now passed into history as an athletics success. but their impact on Soviet society bas been strangely inconclusive.

To a limited extent. the games have improved the Soviet Union's image. Athletes and foreign tourists have been impressed with the Olympic restaurants and hotels and the sports facilities, as well aa the precision with which the transport to events was organised. But many in Moscow believed the games would mark a turning point towards either liberalisation or repression, a view made plausiblo by the yeare of careful preparation.

The opportunity to meet foreigners and be exposed to a different, freer way of life was one aspect of the Olympics which had most appealed to Moscow residents. The tight aecurity thus gave riee to bitterness. People in Moscow bagan referring to the gamee as "onr lipa," diminutive for the woman'a name Olympiada which can also be translated as "aham" or "fake."

To peoplo in Moscow, the Olympics aeemed remote. The foreign visitors, whose numbers were cut by the U.S.-led boycott by as much as three-qnarters to around 75,000, were little aeen by Russians, except in tho windowa of buses passing in convoy to Olympic events.

The opportunities for tourists to meet Russians were carefully controlled. Foreign visitors proved unadventurous, and tourist hotels were closed to all hut registered guests and those with special passes.

Just before the Olympics began, the Soviet Komsomol, the Communist youth organisation, opened 20 or so Western-style diacotheques io the buildings of professional clnhs around Moscow. The discotheques were intended to remedy one of Moscow's long-standing shortcomiga ae a tourist attraction — the lack of street life or night clubs.

The discotheques offered Western rock music under strobe lights, and a relatively daring disco fashion show. Foreign tourists were brought to a club hy their Soviet guides, ostensibly to show them Moscow's hidden night life. In some cases, wbolo delegatione were taken to the disco, where they wore given the opportunity for political discussion or to dance with carefully vetted young Komsomols aa well as plainclothes militia men and members of the KGB.

The number of Russians who might meet tourists was also restricted. The ban on travol to Moscow by non-residents and the successful efforts to persuade residents to take vacations during the Olympics, helped to reduce the number of people in Moscow by at least 1m.

The apparent object of this was to eliminate queues and improve the food supply. But, combined with the massive police presence, the reduction had an eerie effect. Ubiquitous police stood watch over unnaturally thin crowds.

Some Moscovites remember ruefully the last great influx of foreigners in 1957. About 40,000 foreign students, most from the Communist bloc, the Third World or Western Socialist organisations, came to Moscow for several weeks for the International Yonth Festival, and changed Soviet society fundamentally. For many Russians, the youth festival offered the first contact in their lives with foreigners. After decades of political terror, the free atmosphere in Moscow then, with foreigners and Russians meeting openly, impromptu jazz concerts in the parks and a carnival atmospbere on the streets, gave people enormous hope as Moscow entered the period known as "the thaw."

Many of those in Moscow old enough to remember the International Youth Festival wondered if the Olympics would rekindla some of the bope for liberalisation and a freer life whicb surfaced then.

The generous bospitality of individual Russians is as real now as it was in 1957, but the decision to bring in as many as 200,000 uniformed militia men to ensure order during the Olympic Games was, in a sense, an answer to those expectations—an unmistakable sign that, for the moment at least, liberalisation in the Soviet Union has gone as far as it is going to go.

Marathon runners pass St. Basil's Cathedral in Moscow's Red Square.

New Olympic chief pledges to restore unity

Sr. Camaraneb (left)

MOSCOW — Sr. Juan Antonio Samaranch, the new president of the International Olympic Committee, yesterday promised to bend all bis efforts towards restoring the unity of the Olympic movement after the divisions of the past seven months.

Speaking at his first Press conference after taking over from Lord Killanin, the committee's former president. the Spanisb industrialist and diplomat also promised he would work to ensure that the 1984 Los Angeles games would be "even better" than the Moscow Olympics.

Sr. Samaranch, 60, who will hold office for eight years, said the Moscow games which ended on Sunday night "could bave been better if everyone had participated."

A total of 36 world records were broken, one more than during the Montreal Olympics in 1976, and many more Olympic records were beaten.

Before the games, some Western leaders supporting the hoycott had said the lovel of competition without teams from the U.S., West Germany, Japan, Kenya and other countries would be so low as to make awards worthless. Sr. Samaranch said the record-breaking had sbown the high sporting level. "I don't think there can be such a thing as a devalued record," be added.

Mr. Vladimir Popov, the Press chief at tha Moscow games, indicated that the Soviet Union was unlikely to follow tho U.S. boycott of the Moscow games by refusing to go to Los Angeles in 1984, but he suggested this could bappen if the U.S. violated Olympic rules.

"Wo have always fully observed the IOC charter, and no political motivation or antipatby for a Government or its policies could stand in the way of our athletes going to any Olympic Games," Mr. Popov told the Press conference.

Reuter

Finance reform in Belgium

BRUSSELS—The Belgian Parliament has approved a key Bill offering some financial autonomy to the country's two antagonistic regions. Dutch speaking Flanders and Frencb-speaking Wallonia.

Meeting in special session, Parliament voted by 149 votes to 21 in favour of the Bill, wbich, if approved by the Senate, will give the two regions control over some 10 per cent of the national hudget.

This regional reform forms part of the long-contested plans for devolution, aimed at easing hostility between the country's Flemish and French speakers.

Debate is continuing on another Bill, already approved hy the Senate, which will effectively establisb tbe regional assemblies and executives. Broadly, these new regional bodies will control cultural matters, public bealth, roads and urban projects, while major decisions on financial policy. as well as milltary, educational and legal affairs, will remain io the hands of the central governmeot.

● Belgium's industrial production index fell to 133.4 (base 1970) in May. down 0.8 per cent from April on a seasonally adjusted basis. but up 3.4 per cent compared with May last year, the National Statistics Institute said.

In April the index, which excludes the construction industry, stood at 134.5, 2 per cent helow March levels but unchanged compared with April, 1979.

Over the first fivo months of this year the seasonally adjusted index averaged 5.3 per cent above last year'a levels.

VINCENNES UNIVERSITY MOVES OUT OF PARIS

Liberal experiment at an end

BY DAVID WHITE IN PARIS

THE MOST liberal and controversial of France's universities, the experimental Paris VIII Faculty at Vincennes, is ln the process of being transferred to a new location, leaving bebind a derelict, run-down campus barely 12 years old.

Tba removal of the university, set up in the wake of the 1968 student troubles to embody new democratic educational ideals, comes as the Government has hegun to clamp down on the over-liberal distribution of French university degrees.

The Vincennes faculty is one of 13 Paris Uoiversity sectioos and the only institutioo of its kind where students do not have to hold the *Baccalnureat* high-school qualification or eit entrance examinatioos, is heing moved to larger and more permanent premises at Saint-Denis, north of the capital.

The original campus, delapidated and graffiti-covered, is due for demolition.

Constructed bastily and without building permissioo in the Vincennes wood ln south-east Paris in autumn 1968, the university was given ten years' notice to leave. Io 1978, the City of Paris gave it two years' extra grace.

Originally conceived to take an overflow of 2,000 students from other Paris faculties, the campus was built for 7,000, but after ten years registrations bad reached 33,000.

The first French university to abandon formal examinations, Vinceoues catered largely for part-time students with jobs aod for foreigners, who made up as many as 40 per cent of the total.

The campus, wbich boasted the most up-to-date teaching equipment, developed a reputation for uoreat, vandalism, and drug traffic. Mme. Alice Sauoier-Seite, the Frencb Universities Minister, criticisiog low degree staodards, onca accused the university of enrolling a horse.

In March this year, M. Pierre Merlin, the nniversity's president, resigned after being taken hostage by students in a dispute over identity checks, which he introdnced as part of an anti-drug campaign.

A handful of students staged a last symbolic eit-in before the weekend, but the university effectively closed wben term ended in June.

The Government bas taken advantage of the vacation period to introduce more restrictive rules on the range of degrees wbicb universities are entitled to bestow. The measures, aimed at improving the credibility of degrees by making universities more specialised, have drawn protests from university rectors who regard them as beavy-handed. They are trying to go over Mme. Saunier-Seite's bead to take their case to M. Raymond Barre, the Prime Minister.

Pope's French visit makes profit

BY OUR PARIS STAFF

POPE JOHN PAUL II's four-day visit to France between May 30 and June 2 produced an estimated eurplus of at least FFr 4.5m (£460,000) for the main promoters, the Frencb Catholic Church.

The Church, which appealed for funds from the faithful to pay for the visit, has, as promised, published its accounts for the event. By mid-July, donations and collections had yielded FFr 7.8m and the total is oxpected to reach about FFr 9m (£930,000) wben all the mooey has heen counted.

This is more than twice tho FFr 4.25m expenses which the Church incurred during the visit.

Part of the burdeo wae taken over by the state, hy the City of Paris (whicb put up FFr 2.9m) and otber local authorities, and hy supplier companies.

The main cost ltem for the Churcb wae a Sunday morning open air Mass at Le Bourget Airport outside Paris, which cost it more than FFr 2m, including sophisticated sound equipment. The podium alone cost FFr 600,000 and almost FFr 500,000 went on toilets and water supplies. The compensation bill for damage came to FFr 234,000.

Lest it should bo accused of capitalist profiteering, the Churcb hastens to point out that it will need the surplus to pay for tho Pope's next visit, during next year's International Eucharistical Congress at Lourdes.

It is still welcoming contributions.

New hours rob Lisbon banks of their siesta

BY JIMMY BURNS IN LISBON

PORTUGAL'S NEW austere banking hours are causing some distress not least among the country'a bank managers who are more accustomed to flexible mornings and leisurely lunches than to strict timetables.

A recently signed collectiva contract covering working conditions applies, in theory, to the wbole nationalised sector and ties clerks and managers alike to hitherto nnimaginable north European discipline.

As from yesterday. Portuguese banks open at 8.30 am, half an hour earlier than the previons official opening and at least two bours hefore most managers used to sit down at their desks.

The bankers' cberished lunch break has also become "delatinised." The new hours cut the lunch break by half and rule out any possibility of sneaking hack home for a quick sleep. Banks are oow closed between noon and 1 pm, rather than from noon to 2 pm.

As one leading bank manager commented: "We'll atill take a little longer over business lunches hut we'll still have to discipline ourselves as the staff will be keeping a close watch on us."

The Portuguese government recently approved a generous salary increase for bank managers so they are anxious to avoid giving the unions grounde for criticising them.

Managers are not alone in feeling inconvenienced. The new banking hours have been condemned by the Confederatioo of Portuguese Traders as detrimental to shopkeepers. The confederation claims that hank staffs will now concentrate on eating at lunchtime rather than sbopping as bad been the case. Another criticism is that shopkeepers' banking arrangements will be disrupted since most shops close between 1 and 3 p.m. The confederation claims that sbops will find it more difficult to deposit their morning takinge, because the earlier bank closing in the afternoons clashes with their own extended luncb break. Banka will now end their day at 2.30 p.m., not 3.30 p.m

Restaurateurs, meanwhile, see their businesses severely threatened as sandwicb lunches experience an unprecedented boom.

Not all ie gloom. Tha Government argues that the new hours will lead to greater efficiency in tho hanks. It bas also indicated that this is a major step towards decongesting traffic, particularly in Lisbon, wbere many Portuguese take up to threa hours to reacb their place of work. Bankers will not only arriva earliar but also leave earlier.

An exception to the new rules is Portugal's popular resort area of the Algarve where some banks and foreign exchange offices continue to stay open most of the day. Tourism in Portugal is on the increase and local authorities do not want to sea potential fortunes slip through their fingers.

Death of Swedish banking leader

By John Walker in Stockholm

THE DEATH of Dr. Jacob Wallenberg, the Swedish banker, at the weekend, at the age of 87, after a long illness severs another banking link with the mid-1800s. His grandfasther founded the Enskilda (or, Private Bank) in 1856, which became tha financial beart of the Wallenberg empire.

Dr. Wallenberg, with his brother Marcus, kept the bank as a family concern, but with the very high position lt beld the family influence was felt in many sectors of Swedish industry.

Sucb companies as Swedish Match, Atlas Copco, L. M. Ericsson Telepbones and a euhstantial share of paper and pulp interests came within the family sphere. The brothers brought both Scandinavian Airlines (SAS) and Swadish Match out of the financial cbaos that hit Swedish industry between the wars.

The family'a stake in industry was maintained through the bank, which, under Swedish law, cannot own shares in a company. They exercised their control through directorships and two investmaot concerna.

Tha Wallenberg hrothers worked over the years to haul ailing companies ont of the red, and had an uncanny ability to find talented young people and place them successfully in managerial positions.

Thus Mr Curt Nicolin, for instance, was named managing director of ASEA and Scandinavian Airlines at the same time. He pulled SAS back into profit as well as putting ASEA back on its feet.

Dr. Wallenberg leaves an adopted son, Peder Wallenberg, a 44-year-old architect. who is expected to inherit the hulk of the fortune.

The family motto is "Esse Non Videre," "to be—not to be eeen," which Jacob certainly lived up to. However, a major disagreement between the two brothers did surface in the early 1970s, when Enskilda was merged with Skandinaviska Bank—much to Jacob's disapproval.

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Iranian anger dims hostages' freedom hope

BY PATRICK COCKBURN IN TEHRAN

THE CHANCES of an early release of the U.S. hostages beld captive in Iran since November have been sharply reduced by the angry reaction of Iranian politicians and religious leaders to the treatment of about 200 Iranian students under arrest in the U.S.

Mr. Akbar Hashemi-Rafsanjani, Speaker of the Iranian Parliament, said yesterday that the House should debate whether the higher judicial council should set up a committee to discuss trials for the U.S. hostages. This was a marked change of tone from the moderate declaration he made last week when he held out the prospect of early progress.

Lurid accounts of the torture of Iranian students arrested in Washington after a demonstration on July 27 have been the main feature in local Press, radio and television reports for the past three days. Any spirit of compromise on the hostage issue which had arisen following the death of the Shah has now evaporated.

Responding to an appeal from the Pope for fair treatment for Roman Catholics in Iran, Ayatollah Khomeini, the country's revolutionary leader, asked angrily on Sunday why the Vatican had made no protest over the Washington incidents. Iranian students were "being sent from prison to prison, their legs and hands fastened with chains, their ribs broken with boots," he said.

Popular emotion of the fate of the students has been reinforced because the Washington events have coincided with the most important days of Ramadan when Iranians mourn the death of Ali, the first Imam in the Pantheon of the Shi'ites who form 95 per cent of the country's Moslems.

Students holding the 49 U.S. diplomats hostage in Tehran and provincial cities called for a major demonstration to take place outside the U.S. embassy last night.

AP reports from New York: An Iranian doctor has visited 169 of his countrymen being held for possible deportation at a federal prison in Otisville, New York State. Mr. William Patrick, the prison's associate warden, denied yesterday that the Iranians, who are on hunger strike, had been held without medical care.

He said each man was carefully examined on admission "Less than half a dozen had injuries, and all of them were minor, mostly bruises," he said.

Dr. Ahmad Fallah of New York city, who visited the prison on Sunday, had found no injuries or illnesses not already documented, Mr. Patrick added. He explained that at least 18 of the men had been seen at the prison infirmary for problems related to a hunger strike.

Those being held are among 193 Iranians arrested on July 27 during a demonstration in support of Ayatollah Khomeini. Twenty women were imprisoned in New York and four men were taken to hospitals in New York and Washington.

Immigration officials arrived at the prison on Sunday to begin questioning the men, who could be deported for refusing to disclose their names. All are claiming to be "John Doe."

Unrest at Sasol site

BY BERNARD SIMON IN JOHANNESBURG

VIOLENCE broke out yesterday among construction workers at Secunda. The site of Sasol Two and Three, South Africa's new oil-from-coal plants. This is the third time in eight months that the Sasol site has been the scene of labour unrest.

Some 750 workers at Sasol Two went on strike demanding higher wages. The strike came after a night of violence in which four security guards were attacked. Police dispersed a large group of workers with teargas.

A Sasol executive said yesterday afternoon that the stoppage had not affected work on Sasol Two, which is almost complete and began production last April. The strikers are not employed on the plant itself, but on ancillary works. Construction work at the adjoining Sasol Three site was not affected.

Samora Machel: first state visit.

Sour note to Machel welcome

By Our Salisbury Correspondent

THOUSANDS OF black Zimbabweans turned out to greet President Samora Machel of Mozambique at the start of a five-day visit to Zimbabwe yesterday.

But the state visit—the first since Zimbabwe became independent in April—has aroused a measure of ill feeling between blacks and whites and also within the ruling coalition. Many of the welcoming decorations and posters are ostentatiously ZANU-PF (Mr. Robert Mugabe's party) in character rather than strictly Zimbabwean. Mr. Joshua Nkomo's Patriotic Front has accused the Prime Minister's party of trying to turn the state visit into a party affair.

Whites took little part in the welcome, but hundreds of blacks ran through the streets singing and cheering. Columns of ZANU-PF supporters marched in orderly fashion to line the streets cheering President Machel and Zimbabwe's President Canaan Banana as they drove past.

Zimbabwe's whites were upset by a statement by the Minister of Local Government who said that anyone who failed to turn out to cheer the Mozambique leader would be regarded as an "enemy of the people."

Thousands of schoolchildren, most of them black, were taken by bus to the city centre to line the streets and wave flags, sparking an angry statement from Mr. Ian Smith's opposition Rhodesian Front that the move was "illegal and against the bill of rights."

Tony Walker in Peking reports on plans to tame the Yangtze, China's mightiest river

Modern China builds another Great Wall

CHINA IS building another Great Wall—this time across the Yangtze. At Yichang, about half way between Chongqing and Wuhan, massive concrete walls like battlements are stretching out to meet each other across China's mightiest river, in an effort to bring it under control at this point at least.

The Gezhouba Dam is merely the first step in a much larger and more ambitious scheme to tame the Yangtze at its most furious point — the Three Gorges, just upriver from Yichang. It is here that muddy-brown waters surge through narrow passageways, making navigation dangerous.

Water spilling uncontrolled from the Three Gorges also threatens the millions who live behind levee banks downstream. The Yangtze in full flood has killed thousands before. It may do so again.

The Gezhouba Dam will help to prevent this. At the same time, it will more than double industrial Hubei province's power capacity. It is estimated that when the dam is finished by the mid-1980s it will produce 120 per cent of Hubei's present consumption.

A curious mix of old and new construction methods are a feature of Gezhouba. Coolies still break rocks and carry them in traditional fashion for sections of the dam wall, while giant earthmoving equipment, some of it imported, such as Caterpillar bulldozers and Perlini 30-ton trucks, is hard at work nearby.

Gezhouba is a two-stage project, which will include three locks to allow passage for ships up to 10,000 tons. It is planned that the two power plants will have a 2,715 MW capacity. The whole project will cost about $2.3bn at present prices, easily making it modern China's most ambitious construction effort.

The first stage, which will require the river to be closed will not be completed as planned this December. It may not be until early or mid-1981, or even later. While the basic construction work is moving ahead quickly, it is taking a little longer than expected.

Looming over Gezhouba, impressive though it is, are the awesome plans to dam the Yangtze, either at Sandouping or Taipingxi in the Three Gorges section, which stretches for 200 kilometres, much of it between sheer rock walls.

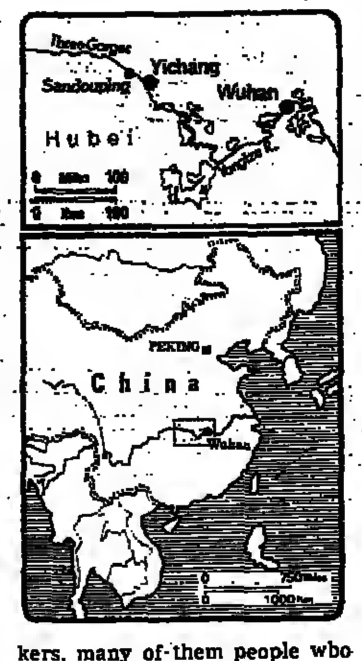
If the present plan is implemented, the Three Gorges project would begin within a year so so, take 15 years to complete and cost $6.2bn, a massive undertaking.

Little wonder, then, that the Chinese authorities have been actively planning the project for at least 20 years. A clue to its immense scale is the number of people it would displace. An estimated 1.4m urban and rural dwellers would have to be resettled, and 44,000 hectares of farmland would be inundated. The river would rise to a level of 200 metres in the gorges. It is now around 100 metres in the deepest spots.

Damming the Yangstze at the Three Gorges would produce a vast expanse of inland water, while interrupting the river's passage would yield massive amounts of hydro-electricity. It is estimated that, at full capacity, the Three Gorges would generate 111bn kWh annually, equivalent to 40 per cent of China's 1979 national output.

China's Ministry for Water Conservancy, responsible for the Three Gorges project, plans a three-stage development employing tens of thousands of workers, many of them people who have gained experience down river at Gezhouba. It is also likely that advice would be sought from foreign engineers.

By any standards, it is an immense undertaking, and one about which legitimate doubts remain. Is it necessary?



The authoritative U.S. business magazine, the China Business Review, reports that a team of American hydroelectric experts who visited the Three Gorges site in March seriously questioned whether damming the Gorges was the best solution to the problem of incipient floods downstream, and China's power shortfall.

Among their objections: might not flood control be more cheaply effected by strengthening levee banks downstream, and building smaller dams on tributaries of the Yangtze? Would it not be better to build several smaller dams to increase generating capacity at less cost and in less time? And could not navigation be improved by a less ambitious programme of lift locks at sections where larger ships now have difficulty navigating the gorges?

According to the magazine, the Chinese are also troubled by these questions. In something of an understatement, the China Business Review says: "The decision to begin construction, or abandon the project, is likely to be the outcome of a major political battle within the Chinese bureaucracy."

Sadat seeking Jerusalem pledge

BY OUR TEL AVIV CORRESPONDENT

PROSPECTS for renewal of the talks on Palestinian autonomy seemed to be in jeopardy last night as Israel pondered its response to a message delivered to Mr. Menahem Begin, the Prime Minister, from President Anwar Sadat of Egypt.

The contents of the Sadat message have not been disclosed formally although Israel officials said it was couched in polite, even cordial tones. Notwithstanding the cordiality, it is believed that the substance of the message is a request for assurances that the Begin Government cannot bring itself to make.

The Egyptian message and the postponing of a session of autonomy talks in Alexandria yesterday were a direct result of the passage into Israeli law last week of the Bill declaring Jerusalem to be the indivisible capital of the Jewish state. It is understood that Mr. Sadat wants assurances that the Bill does not mean that Jerusalem cannot be mentioned in future negotiations.

In view of the emotion surrounding the Jerusalem issue in Israel it is difficult to see how Mr. Begin could give any pledge that negotiations on the city will be admissible in future talks. The Sadat message and the shape of a reply were discussed at a special Cabinet meeting yesterday and the job of drafting the reply was assigned to Mr. Begin and a committee of Ministers involved in the autonomy talks.

Jurek Martin adds from ashington: The executive boards of the International Monetary Fund and the World Bank have decided, in effect, to recommend against the grant of observer status to the Palestine Liberation Organisation at next month's joint annual meeting to beld in Washington.

Last week, at the urging of the U.S., both boards passed resolutions, referring the problem to the governors of the two institutions, that is, national Finance Ministers. But the motions stated that only observers admitted to previous annual meetings should be granted such status for next month's meeting.

The PLO tried, but failed, to be awarded observer status at the session in Belgrade last October. An informal committee was established to report on the whole issue, but the committee was divided.

However, no resolution to the problem is likely so long as the U.S., with its large block of votes in the boards of both institutions, remains opposed to granting any favours to the PLO.

It is considered inconceivable that any U.S. Government would permit the PLO the sort of propaganda victory in the U.S. capital city that it would undoubtedly claim were it to win observer status just five weeks before presidential elections.

Both the IMF and the Bank prefer to resolve such problems with care and deliberation. What appears to be recent overt pressure from Kuwait and Saudi Arabia to use their financial weight to force the pace does not sit well with this more cautious, traditional approach.

India seeks IMF help with balance of payments

BY K. K. SHARMA IN NEW DELHI

A SHARP DECLINE in India's foreign exchange reserves has forced the Government to seek the help of the International Monetary Fund in dealing with an expected balance of payments crisis.

Apart from the Rs 5.5bn (£297m) that the Government sought from the IMF's special trust fund earlier this year, it has now sought another Rs 3bn from the compensatory financing facility. India is hoping that both requests will be approved within a couple of months.

The foreign exchange reserves dropped by Rs 5.5bn from April to July and if this rate is maintained they will come down by Rs 15bn in the financial year 1980-81. That would reduce the reserves to about Rs 30bn, a sharp fall from the Rs 50bn which they reached late last year.

India has been forced to seek the help of the IMF because of the unfavourable foreign aid climate which was reflected in relatively low commitments of £1.4bn by the Aid India Consortium at its recent meeting in Paris. In real terms the commitment is slightly below that for last year.

The drop in the reserves is due principally to the import burden of oil and petroleum goods, fertilisers and raw materials. Exports have been rising at only 7 per cent annually for the past three years and this was insufficient to close the large trade gap of £1.3bn.

Reuter adds: India plans to double its oil refining capacity to 58m tonnes within the next five years, according to Mr. Veerendra Patil, the Petroleum Minister. He was speaking at a symposium held in Bangalore.

The country's 11 existing refineries have a total annual capacity of 31m tonnes, but the total amount of crude actually processed in the financial year 1979-80 was 27.47m tonnes.

AMERICAN NEWS

Carter's future in balance as NY convention nears

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE SEVEN days remaining before the Democratic Party opens its national convention in New York City hold the promise of political drama exceptional by recent U.S. standards.

The action will be scattered all over the country—but principally in Washington, where, late yesterday, President Jimmy Carter waa due to deliver lo a Senate investigating sub-committee hia account of his awareness of bis brother Billy's Libyan connection.

It will also take place in New York, where tbe four remaining Presidential contenders are all scheduled to address the Urban League, and in Denver, Colorado, where Democratic Covernors will be thrashiog over the move to turn next week's party convention ioto a free-for-all.

Mr. Carter, bis Presidency banging by a thread and his standing in public opinion polls back to historic lows, stands to lose most in the confusion.

It is considered vital for his political future that both his exposition on his brother's activities and the promised justification at a late-night Press conference sbould convince Democratic elders and the public at large, that he remains a viable Presidential candidate, personally untainted by scandal.

Mr. Carter spent the weekend at Camp David, the Presidential retreat, preparing for his ordeal. His advisers seemed more confideot yesterday that they would he able to blunt tbe drive to free convention delegates to vote according to their consciences next week—a development which could either cost him the nominatioo or lead to auch bitter, televised acrimony aa to give Mr. Ronald Reagan and tbe Republicans an immeasurable advantage in the election campaign proper.

Senator Edward Kennedy claimed yesterday that his forces had found as many as 300 Carter delegates willing to

President Carter
Preparing for his ordeal

vote against the convention rule requiring them to support on the first ballot the candidate to whom they bave previously been pledged. The Carter camp disputes this, but, if true, it presages a close division on the critical rules issue.

Aware of the influence on delegates that can be wielded by state governers, the Carter campaign despatched its best-known arm-twiater, Mr. Robert Strauss, to Denver to the national Covernors' conference there.

So far only five of tbe 31 Democratic governors have come out in favour of an open cooventioo, hut they include Covernor Hugb Carey of New York, which provides the second largest delegation to the convention.

At an initial caucus yesterday morning, the Democratic governors beard wbat was described as a vigorous excbange between Mr. Strauss and Mr. Patrick Lucey, the former Covernor of Wlsconsin and a prominent Kennedy supporter. But, in the interests of barmooy, they declined to take a formal vote on the subject.

Mr. John White, chairman of the Democratic Party, and a Carter supporter, bas lent his weight to opposing the open convention moves. He accused Senator Robert Byrd, the majority leader and most iofluential Congressional convert to the idea, of not "fully thinking out" the consequences of freeing the delegates.

Senator Byrd, it sbould be noted, also expressed the view that be thought Mr. Carter would emerge victorious if the convention were "opened."

Most political experts still believe that, barring something disastrous this week, the Presideot should get his prize and that, even if be does not, Senator Keooedy is unlikely to end up with tbe nomination, so aotipathetic are tbe Carter delegates to his caodidancy.

Meanwhile, Mr. Carter, Mr. Reagan, Senator Kennedy and Congressman John Anderson will also be turning their attention to the Urban League meeting in New York.

Mr. Reagan's address this morning is especially important. He offended the aensibilities of many American blacks by decliniog an invitation to speak to antober black organisation, tbe National Association for the Advancement of Coloured People (NAACP), a month ago.

At the start of its meeting on Sunday nigbt, Urban League officials explicitly warned all the Presidential aspirants that nobody should automatically assume hlack support this year.

Mr. Reagan's visit to New York—a State which he believes he can carry, given much disaffection there with President Carter—a week before the Democratic convension, is heing compared with Mr. Carter's descent on Detroit last month jnst days before the Republicans convened.

New travel cheque from Citibank

By Alan Friedman

CITIBANK, the second largest U.S. bank, is to laonch a new travellers' cheque in an effort to increase its sbare of the $31bn (£13.1bn) world market. The new cheque, to be known under tbe "Citicorp" name, will replace tbe present series of "First National City Bank" cheqoes.

The cheques will be supported by a newly-developed computerised system which will enable customers to order presigned cheques hy telephone.

Mr. Joho Elliott, a senior vice-presideot of Citicorp—the holding company—said yesterday that tbe aim of the new cheque service is to increase global sales hy 50 per cent over the next five years.

The new cbeque system, called "PassWord," will revolutionise the industry, according to Mr. Elliott.

Citibank is planning to bring PassWord to the UK in early 1981.

U.S. 'can halve foreign oil dependence by 1990'

WASHHINGTON—The U.S. can halve its dependence on foreign oil hy 1990 by doubling use of coal, tripling use of nuclear power and relaxing certain environmental laws, the American Petroleum Institute said yesterday.

In a 166-page report, the institute presented two scenarios of how the country can handle the energy crisis over the next decade.

If preseot Covernment policies remain unchanged, the U.S. can look forward to a continued decline in domestic oil and gas productioo equivalent to 19.2m barrels a day, at present, to as low as 12.2m b/d in 1990, the institute added. At the same time, oil imports, which averaged 8.2m b/d in 1979, could rise to 11.3m in 1990.

But if the U.S. made the right choices, oil imports could be slashed to hetween 4m and 5m b/d and oil and natural gas productioo could be beld steady at around 19m b/d.

The key government policy change necessary to halt the production decline was an accelerated exploration programme on government lands.

The institute cited studies showing that 37 per cent of undiscovered oil resources, 43 per cent of undiscovered natural gas and 40 per ceot of the remaining coal in the U.S. could be found on government lands.

"Passage of many major laws controlling the use of land . . . has created a web of regulations that unnecessarily, and often unintentionally, work together to hold hack eoergy development on these government lands."

The government also needed to revise environmental laws which now often feature "rigidity rather than flexibility" in reaching the goal of a cleaner environment.

More major U.S. oil companies and many independent petroleum refiners are reducing the prices they will pay for "uncontrolled" domestic crude oil.

Agencies

Hurricane Allen heads for Puerto Rico

BRIDCETOWN — Hurricane Allen, with winds up to 125 mph, moved out over open Caribbean water towards Puerto Rico yesterday after hitting the ialaod of Barbados, ripping roofs off bouses and flooding coastal areas. Earlier, Lord Carrington, British Foreign Secretary, cut ahort his visit to the ialand, to stay clear of the storm, before flying on to Venezuela.

There were no immediate reports of deaths or injuriea from Allen, the season's first hurricane, but tbe Barbados authorities said thousanda of people had been forced into public shelters. On the south-east coast, flood waters 3 ft high were reported. The storm also cut telepbone communications.

As the winds of the storm began to blow down power lines, the island's power authorities cut off most of the supply of electricity. At the storm's peak, only three facilities were receiving public power—a water pumping station, the Queen Elizabeth Hospital, and the Hilton Hotel.

But the Covernment Caribbean Broadcasting Corporatioo, which runa radio and TV stations, and a private cable-radio network known as Barbados Rediffusion Service, continued broadcasting on emergency generators.

In St. Lucia and nearby St. Vincent—both newly-independent former British colonies—tbe weather service warned of torential rains which could produce disastrous flasb flooding, especially in mountainous regions.

Hurricane warnings also were in effect for Dominica, and the French island of Martinque, with gale warnings in effect for neighbouring islands to the north and south. Small craft as far away as Puerto Rico were warned not to venture far from port.

AP

Argentina to auction confiscated newspaper

BY ROBERT LINDLEY IN BUENOS AIRES

THE BUENOS AIRES daily newspaper La Opinioo, founded in 1971 by Sr. Jacobo Timermao aod confiscated by the Covernment as an "ill-gotteo gain" after Sr. Timerman's arrest in April, 1977, will be auctioned off to the higbest bidder early next mooth.

A atart price of nearly $6m (£2.6m) for the newapaper and the two printing plants in which La Opinion is published—now under the supervision of the army—bas been fixed by the Covernment.

In Septemher last year, Sr. Timermao was released from two and a-half years of detention, during which no formal charges were bronght against him. In spite of this, Gen. Jorge Rafael, Videla's regime withdrew his Argentinian citizenship.

One of the reasons for Sr. Timerman's detentioo was apparently his association with Sr. David Graiver, a financier wbo was reported to bave been killed in an air crasb in Mexico in 1975

WORLD TRADE NEWS

Cognac group to make wine in China

By David White in Paris

REMY MARTIN, the French cognac concern, is on the point of concluding a joint venture agreement to make wine in China.

The project is the first of its kind involving a French drinks group, but other companies in the sector are known to be interested.

Remy Martin has already made a preliminary accord with the Commune of Tienjin. The French Government bas given its agreement in principle to the venture. According to Remy Martin, the Peking authorities have also indicated their assent, but a formal deal still has to be completed.

Under the project, Remy Martin will contribute its know-how in wine-making processes and look after the marketing side outside China.

The Chinese vineyard, now described as being in an embryonic stage, is to produce white wine both for the domestic market and for export. The first harvest will be this year.

The French group, which is family-controlled, did not disclose how much money it waa planning to invest in the venture but said that it was on a small scale at present. Further development might be possible in the longer term.

Remy Martin is also involved in wine production, with interests in Bordeaux and a vineyard in Australia,

Oil boom boosts Japan's seamless steel pipe sales

BY RICHARD C. HANSON IN TOKYO

THE JAPENESE steel industry, faced with an otherwise gloomy outlook for exports, is considering an expansion of its capacity to produce seamless steel pipe, demand for which bas been boosted by a worldwide rush to find more oil and gas.

Japanese production of the high quality seamless pipes (used in rigs to drill for oil) rose sharply from slightly more than 2m tonnes in 1976 to nearly 3.5m tonnes in the last fiscal year (which ended March 31). This represents less than 4 per cent of all the steel that Japan produces; but Japan comea third in total worldwide production behind the Soviet Union and the nine EEC members, and roughly equal to the U.S.

Moreover, Japan is now the largest single exporter of seamless steel pipes, and just under 80 per cent of its production is sold outside the country. In 1978, Japan accounted for 2.5m tonnea of the estimated worldwide export market of 6m tonnes. More than 50 per cent of those exports went to China, the U.S. and the Soviet Union alone — where demand is still increasing.

EEC countries on the other hand, shipped more than the Japanese, but about half was sold within the Community itself.

The Japanese industry, dominated by four of the largest ateel companies, is now faced with the question of how much it sbould expand its capacity without undermining the world market.

Japan's production of aeamless pipe last year ran at about 346,000 tonnes a month, 41 per cent of which was by Sumitomo Metal, the industry leader. Sumitomo, Nippon Kokan and Nippon Steel are all believed to be taxing their present capacity to the limit, which means that any further expansion would probably mean the replacement of older mills with new ones with greater capacity.

Kawasaki Steel, a relative latecomer in seamless steel pipes, is the only company which has disclosed definite plans to raise prodoction this year. It will do so by spending Y9bn (£16.6m) to raise its "finishing" capacity, which will add about 7,000 tonnes of production per month to its present 39,500 tonnes. Sumitomo is capable of producing 140,500 tonnes a month, while Nippon Kokan and Nippon Steel have 88,300 tonnes and 56,700 tonnes, respectively in capacity.

India seeks Renault car plant

BY KEVIN RAFFERTY

INDIA HAS invited Renault to France to aet up a plant to make small cars—but exclusively for export. The Financial Express newspaper in New Delhi reported that Renault representatives would arrive soon to discuss the offer with the Indian Covernment.

The suggestion of producing a new Indian car, but only for export, is the latest twist in a complicated series of plans for much-oeeded reform of the Indian automobile industry. Various overseas concerns bave presented a variety of proposals in the last few years, and in recent months French companies bave been aggressively trying to test tbe Indian market. The visit to India by French President Giscard d'Estaing earlier this year helped focus French attention on opportunities in India.

Late last year Reoault presented a plan to make a passenger car in collaboration with Indian companies, but the idea was that the model would be marketed only in India. Early this year another French company, Peugeot, reached agreement witb Mahindra and Mahindra to set up a factory to make modern diesel engines.

The Covernment offer to Renault is by way of a response to the Frencb company's proposal. In making the offer the Indian Indnstries Ministry believea that an export car industry would enjoy the advantages of low production costs from cbeap labour and cbeap steel.

Whether the Frencb company will agree is uncertain. In Paris a Renault official yesterday said the company had been talking to the Indian Covernment for some time and bad put forward various plans, bnt it had not heard of the latest offer.

The great attraction of producing cars in India bas been the prospect of getting a foothold in India itself. The Indian car industry badly needs new technology and new designs.

The main Indian passenger car, the Amhassador, is a version of the mid-1950s Morris Oxford model. Its manufacturer, Hindustan Motors, bas heen baving discussions with Vauxhall and BL of the UK about upgrading the model, hut the talks bave been frustrated by the number of bureaucratic hurdles in India. As an example of the sluggishness of the Indian car market, fewer than 50,000 passenger cars are sold each year.

But producing for export, and having to compete with fierce Japanese, and now also South Korean competitioo would be an altogether tougher proposition.

The qnestion now may be whether Renault cao use the Indian offer as a lever to try to get agreement to produce for both India and overseas.

Algiers deal for Deutsche BP

BY OUR FRANKFURT CORRESPONDENT

DEUTSCHE BP, the West Cerman subsidiary of Britisb Petroleum, bas signed its first oil and gas exploration contract with Algeria.

The exploration and production agreement has been arranged in partnership with Compagnie Francaise des Petroles (Total) of France and Sonatrach, the Algerian state oil and gas company.

CFP and Deutsche BP (through its subsidiary Celsenberg) will lead the exploratioo work in two blocks granted in the eastern region of tbe Algerian Sahara.

Deutsche BP has been lifting crude oil from Algeria for some time, independent of the main BP crude oil buying department in Loodon, and expects deliveries of Algeriao crude to total some 1m tonnes this year.

It bas agreed to undertake exploration work, partly to help guarantee curreot supplies, but also in the bope of boosting its access to Algerian crude if commercial finds are made in tbis area of the eastern Sahara.

Last year about 30 per cent of Deutsche BP's total crude oil imports of 19.3m tonnes came from African sources, including Algeria, Libya and Nigeria. Its present 1m tonnes a year supply contract with Algeria runs until 1984.

The total cost of the new exploration contract with CFP and Sooatrach is expected to amount to around DM 200m (£49m).

Deutsche BP bas been steadily building independent contacts with Algeria and has also been looking to North Africa as a possible source of natural gas, which would belp it to enter the lucrative West German gas market on its own accouot.

Several months ago it signed a preliminary agreemeot with Sonatracb for tbe supply of 4.5bn cubic metres of natural gas a year beginning at the end of 1985 or early in 1986. This contract is oow in jeopardy, however, following the Algerian move to re-think its gas export policy, by placing the emphasis oo sending additional gas quaotities to Western Europe hy pipeline across the Mediterraoean rather than by tanker. Algeria is anxious to avoid the expensive first stage of liquefying the gas.

Aid brings orders worth £16m

BY OUR WORLD TRADE STAFF

ORDERS worth over £16m wera placed with British Industry in June, arising directly from grants aod loans to developing countries made uoder the British Government's aid programme.

The following were among the largest contracts for goods over £20,000 accepted for financing in June, including earlier contracts now accepted for reimbursement from aid funds:

Tractors and loaders for Tuvalu (£25,271) from Massey Ferguson (UK), Coventry; bailey bridging equipment for Burma (£158,848) from Mabey and Johnson, Twyford; an outboard diesel engine for a cargo vessel for Burma's inland waterways (£49,895) from Sykes Marine, Harlow; plaster of Paris bandages for Tanzania (£41,030) from Smith and Nephew, Welwyn Carden City; cathodic protection equipment te prevent underwater corrosion on the Demerara River pontooo bridge in Guyana (£47,557) from P I Corrosion Engineers, Alresford; ground navigation beacons for civil aviation in Mozambique (£387,498) from Racal-Decca Navigator, London; beacons, aeronautical and point to point commuoications systems for Mozambique (£712,000) from SPT Communicationa, Southend; water well casing for Pakistan (£417,775) from Stewart Ross and Co., Sandridge, St. Albans; mild steel plates for the Pakistan Railways rebabilitatioo programme (£321,000) from Britisb Steel Corporation, Clasgow; spares and accessories for a maritime patrol Islander aircraft in the Seychellea (£29,956) from Pilatua Britten Norman, Bembridge; compounds for use in the pharmaceutical industry in Turkey (£46,600) from Akzo Chemie UK, Littlebrough.

Germans win container deal for Shanghai

By Kevin Done in Frankfurt

IN ONE OF the first important compensation trading deals between West Germany and China, a Hamburg-based engineering company has won a contract to bnild a container factory in the port of Sbanghai.

Habatec-Sellhorn, a subsidiary of Tectrans, is to construct the DM 20m container plant for the Shanghal Shipyard, which is run by the Chinese Ministry of Communications.

In return, as part of a tbree-cornered deal, Cmtrans, the Hamburg-based Container Transport Company, one of Enrope's leading container leasing companies, bas agreed to bny containers wortb some DM 170m from the Sbanghai plant. The contract, whicb will rnn for five years, is for the purchase of containers amonnting to some 30,000 20-foot nnits.

The contract is of particular significance as the containerisation of Chinese export trade oot of Sbanghai is still at an early stage. Abool 60 per cent of Chinese exports are shipped from Shanghai, and possibly 6m tonnes a year could be containerised.

At present, according to the German container Indnstry, np to 1,000 empty containers are being shipned into Shanghai eacb month. The plant tbat is being constructed by Habatec-Sellhorn will bave an annual capacity for np to 7,200 units eacb of 20 foot. It is expected to enter prodoction by the end of the nest year.

Czech boot duty move

Czecboslovak work boots which are almost exact copies of a well-known British brand are being landed in the UK at prices which barely cover the UK cost of materials, says the British Footwear Manufacturers' Federation. It is asking the Enropean Commission to impose anti-dumping dnties of np to £3 a pair on the boots nnder the General Agreement on Tariffs and Trade, writes James McDonald.

Jordan plan to draw on Euphrates River supply

By Rami G. Khouri in Amman

JORDAN HAS initiated what could become an engineering and contracting extravaganza—a project to draw hundreds of millions of cubic metres of water a year in to Jordan from the Euphrates River in Iraq. The Jordan Valley Anthority (JVA) has asked interested consultants to prequalify for a contract to study the economic and technical feasibility of pumping "considerable amounts of water" from the Euphrates to Jordan.

The prequalification call says the envisaged project would consist of "several pumping atations, large diameter pipelines, water treatment plants and water storage reservoirs." JVA officials decline to be more specific, saying that the feasibility studies will largely determine the technical specifications of the project—if it materialises.

The distance from the Euphrates to the north Jordan city of Mafraq is about 600 kilometres.

The JVA had circulated a confidential report among senior Jordanian Government officials earlier this year warning of Jordan's long-term vulnerability in the water sector. It concluded that the only additional sources of water for Jordan in the next half century would realistically come from the two large rivers in Iraq—the Euphrates and the Tigris. Last year the Prime Minister publicly mentioned the possibility of bringing Euphrates waters to Jordan as a last resort venture, to be activated only in the most dire circumstances.

Recent studies have shown that Jordan's precarious water balance will become debilitatingly in deficit in the coming decade if present growth rates in agricultural, industrial and domestic water consumption are not curtailed.

Jordan is now consuming about 500m cubic metres of water a year, fourth-fifths of which is for agriculture. The Maqarin dam that will be built on the Yarmuk River in tbe next five years will bring temporary relief, but the expansion of the Jordan Valley development scheme will take up most of its newly stored waters.

Earlier this year, several top-level Jordanian-Iraqi meetings resulted in agreements in principle to study a series of schemes to bring Iraqi waters to provide for industrial and agricultural needs throughout Jordan.

S. Africa coal port expansion

By Bernard Simon in Johannesburg

SOUTH AFRICA'S coal export terminal at the port of Richards Bay is to be expanded at a cost of R230m (£127m). The extensions will enable the terminal to handle increasing export tonnages, which are scheduled to rise to 44m tons in 1985-86 from 27m tons this year.

The new loading facilities will probably be completed in mid-1984, two years earlier than originally scheduled, but according to the Transvaal Coal Owners Association, it is unlikely that the increase in the export programme will be brought forward. Support infrastructure, such as improvements to the rail line from the Transvaal coalfields, will not be completed before 1985.

The expansions at Richards Bay will consist mainly of an additional ship loader, stackers, reclaimers and belting and stockpile facilities. In addition, South African Railways is planning to build two new coal-loading berths at the harbour.

AID FOR CENTRAL AMERICA AND CARIBBEAN

Mexico and Venezuela unveil cheap oil plan

BY OUR MEXICO CITY CORRESPONDENT

MEXICO AND Venezuela bave uoveiled details of their plao to ease the crushing financial burden of oil imports on nine of the poorer countries of Central America aod the Caribbean.

Latin America's two big oil producers will provide all the 160,000 barrels a day (b/d) consumed by Barbados, Costa Rica, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama and the Dominicao Republic, charging their prevailing market rates—about $32 a barrel—but returning 30 per cent in the form of loans at 4 per cent over five years. This can be reduced to 2 per cent over 20 years if the credits are used to develop energy resources.

The energy plan is tbe brainchild of President Luis Herrera Campins of Venezuela and Presideot Jose Lopez Portillo of Mexico, who have both beeo campaigning for agreements between producers and consumers to stabilise the energy market.

The two Presidents signed

President Herrera Campins

the agreement, to be renewed annually and expanded to cover other consumers, at an elaborate ceremony in the Costa Rican capital of San Jose oo Sunday. Each hailed it as a model for similar plans in other regiona which could help to establisb a new international economic order.

The ceremony came at the end of a Latin American tour by Sr. Lopez Portillo which he used to further his drive to establish Mexico as a major regional force and a new spokesmao for the Third World.

Mexico's more active foreign policy has hrought new friction with the U.S. over the past year, and Washington will have been further irritated by Sr. Lopez Portillo's triumphal visit to Cuba at the weekend.

In Havana, he said Mexico would be willing to help negotiate an eod to the U.S. trade emhargo of Cuba, which has lasted nearly 20 years.

The Mexican President received a bero's welcome in Cuba, and he and President Fidel Castro made emotional speecbes proclaiming the atrength of Cuban-Mexican relations before a crowd of over 500,000 Cubans in Havana's Plaza Martin.

President Lopez Portillo

Mexico's state oil company, Petroleos Mexicanos (Pemex), is discussing exploratioo in Cuban waters, but Cuba does not figure in the area energy agreement.

Sr. Lopez Portillo said this was purely because the Soviel Union already supplies Cuba with all tbe oil it needs.

Mexico is now supplying only 20,000 b/d to the nine couotries covered by the energy plan, which becomes effective immediately.

Venezuela, uolike Mexico a member of the Organisation of Petroleum Exporting Countries, is providing 130,000 b/d.

Mexicao production, now at 2.3m b/d, has recently overtaken Venezuela's and by early next year the two countries should each he supplying balf of what the region needs. Veoezuela and Mexico are also hoping to interest Trinidad, an oil producer, in joining a wider scheme.

Sr. Lopez Portillo's own proposal for a world-wide energy plan has so far evoked little enthusiasm from the oil cartel's producers, but he may revise the scheme in time for the aummit meeting of industrialised and developing world leaders expected lo take place in Mexico early next year.

YOU HAVE TO BE LOADED TO APPRECIATE THE CITROËN SAFARI

What happens if you load up a conventional estate car to the tune of over half a ton?

The back sinks, the nose points up in the air and the handling could be described as a joke. If it weren't such a serious matter.

What happens if you subject a Citroën Safari to exactly the same load?

Nothing.

Citroën hydropneumatic suspension keeps the car strictly on the level and the roadholding manners remain outstanding, even when compared not with estates but with luxury saloon cars.

This unique ride and roadholding capability is enhanced by the ability of hydropneumatic suspension to iron out the bumps in the road.

Aerodynamics, which extend to the underside of the car, suck it down on to the road. While VariPower steering, which becomes firmer as you go faster, completes a sense of security which is hard to equal in any car at any price. Even if a front tyre blew out at high speed on the motorway, you would simply go on driving, and steering, the car until it was safe to stop.

And, reassuringly, towing a big caravan or a boat is no strain on the car. Or on you. This is because self-levelling suspension enables you to tow up to 1¼ tons with safety and peace of mind.

Firstly, because the car is kept level, so is the tow bar, virtually eliminating the chance of its dipping and hitting the road on sharp hills. Secondly because the risk of the car being buffeted by turbulence from overtaking traffic is reduced.

And, if your wife has any inhibitions about handling a large spartan estate car, please include her in on the test drive.

She will be highly appreciative of luxuries like sumptuous carpets and electric windows – not to mention the ease with which she can manoeuvre the big Safari, with a load space of 75 cu. ft.

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UK NEWS

Industry renews interest in coal

BY RAY DAFTER, ENERGY EDITOR

THE National Coal Board is expected to win back industrial customers from oil and gas suppliers.

The board said yesterday that it was dealing with more than 1,000 inquiries from industries considering switching from oil and gas to coal for their fuel needs.

The inquiries could result in a further 5m tonnes a year of new business over the next few years, a spokesman said.

Coal Board sales to industry (including public administrations and commercial consumers) reached 10.7m tonnes in the 1979-80 financial year as against 10.3m in 1978-79. In the mid-1970s, industrial sales were running at about 9m tonnes a year.

Overall coal sales are now about 120m tonnes annually.

The board's annual report, published last week, said the industrial market would be the most important growth sector for coal during the next two decades. Industrial interest in using coal had been increasing for about the past two years, a spokesman commented, but recent price increases for oil and natural gas had prompted more inquiries.

The report attributed the resurgent interest to three reasons: coal was cheaper than other fuels; the coal industry could offer long-term continuation of supplies; and coal suppliers could offer reasonable security from politically motivated interruptions.

It was estimated that coal had a 35 per cent prize advantage over oil.

Coal Board officials hope that they are about to see a new era of fuel buying habits. They point out that in the mid-1950s many companies making do with old coal and coke boilers installed more efficient, automated oil-fired boilers.

"These boilers are themselves now reaching the end of their working lives. We hope we can come back with a new wave of coal-burning installations," said the board spokesman.

The modern coal-fired boilers cost 15 to 20 per cent more than their oil counterparts, however.

Cement manufacturers are said to be at the forefront of industrialists examining the possibility of using coal. But a drug and retail chemist company, Boots, has become the most notable recent convert. The company is to use coal instead of gas oil to fire the boilers at its main manufacturing plant near Nottingham.

According to latest Government statistics, solid fuels account for 12.8 per cent of the industrial fuels market as against 40.5 per cent for oil, 33.1 per cent for gas and 13.6 per cent for electricity.

The coal industry has also been winning a greater share of the electricity generation market, largely at the expense of oil. In the March-May quarter, coal accounted for 77.2 per cent of the fuel used by the Central Electricity Generating Board. In 1976-79 coal's share was nearer 70 per cent.

Special gas price may continue for ICI

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES may have secured a five-year extension of its controversial 900m therms a year gas contract—at a time when other chemical companies are attacking the British Gas Corporation for refusing to give them extra supplies.

British Gas and ICI both refused yesterday to confirm or deny reports that the massive contract was on the point of being renegotiated.

But the latest edition of European Chemical News, a trade magazine, says ICI is understood to have done a deal with the corporation under which it will accept an early price increase in exchange for continued supplies after the present contract runs out in 1984.

The contract, which was agreed in 1969, runs for 15 years. The price ICI pays for its 900m therms of gas is a well-kept secret, but it is known to be extremely low by today's standards.

Warrants issued for Salem arrests

By William Hall, Shipping Correspondent

BRITAIN has issued warrants for the arrest of four people allegedly involved in the loss of the Salem—the world's biggest alleged marine fraud.

The move comes less than two months after the Liberian authorities, under the direction of President Doe, released the master and chief engineer of the ship. This action has seriously damaged the credibility of Liberian efforts to clamp down on marine fraud aboard Liberian flag ships.

Britain has now moved to fill the vacuum left by Liberia's move. Warrants were applied for at the Guildhall in London yesterday for the arrest of four men on charges of conspiracy to defraud Shell International Trading and various Lloyd's underwriters between December, 1979, and January, 1980.

The warrants were authorised by Sir Michael Havers, Attorney-General. The men are Frederick Soudan, a director of the company that owned the Salem, Dimitrios Georgeoulis, Greek master of the Salem, Mr. Anton Reidel, Rotterdam company director, and Johannes Jurgen Locks, a Frankfurt company director.

The Salem was a 214,000 dwt supertanker which sank off the West African coast last January.

Applying for the warrants yesterday, Detective Inspector John Spears said the oil, which belonged to Shell International, had been sold to South African buyers by the charterers of the vessel while it was on the high seas.

After the cargo was allegedly discharged in South Africa, the empty ship was scuttled off Dakar. Since the loss of the Salem six months ago, Scotland Yard and Lloyd's officials have been investigating.

Shell International has received a part payment of $30m from the South Africans for its oil. But it has also issued writs against various Lloyd's underwriters and Mr. Frederick Soudan.

The four men for whom warrants have been issued are accused of conspiring to trick marine insurers who had insured the vessel for $24m.

John Elliott looks at the funding of micro-chip techniques

High technology candidates for more aid

A TOTAL of £24m financial aid has been awarded by the Department of Industry during the past two years to industry in an attempt to increase the awareness of use of micro-processor techniques in manufacturing products and processes.

At the same time a total of £30m has been committed by the Department under a separate micro electronics industry support programme aimed at boosting high technology developments.

These are two of the aid schemes still being operated by the Government despite its principled opposition to State intervention in industry. They are possible candidates for expension if Sir Keith Joseph, Industry Secretary, decides later this year to provide more help at a time of recession.

Aid is also being allocated at a rate of about £28m a year under the Industry Department's Product and Process Development Scheme. Applications are being processed under the Selective Investment Scheme which closed for applications last June.

Generally, it has been the Government's policy to rundown such aid. The need for industry to be encouraged to continue investing in high technology has persuaded the Government to allow the scheme aimed at micro-processor awareness (MAP) to run to its full allocation of £55m, instead of being cut at £25m.

Of the £24m awarded so far under this MAP scheme, £2.5m has been spent on courses and publicity aimed at making pepole aware of technological developments. About £4.5m has been allocated to training 35,000 people a year in basic electronic applications.

A further £3m has paid for initial short-term consultancy services to companies interested in installing some form of electronic process.

The remaining £14m has subsidised companies starting micro processor application projects. About half this total has been in small businesses which have been given special attention. Projects range from developing toys to capital equipment and generally have been worth £50,000 to £150,000 cash.

Meanwhile, more than £50m has been allocated in the past three years under the Product and Process Development Scheme to 395 projects costing nearly £170m.

There is some overlap between this scheme and the MAP arrangements. Between the two, industry has been provided with about £2 aid for robot installation in about six projects. Aid has been made available for some fibre optics developments following the Government's decision last year not to start a special £20m scheme.

Meanwhile, awards are still being made under the Selective Investment Scheme, even though the closing date for applications was June last year, and further aid is also being considered for some investment projects from abroad.

Set up in December, 1976 to take over from an earlier accelerated projects programme, the scheme has total funds of £150m. Its aim is to improve the level of industrial investment and to attract foreign manufacturers to set up in the UK.

So far about £110m aid has been offered to companies for 174 projects costing more than £1bn. A further 110 applications for aid of about £90m, to be given to projects costing nearly £2bn, are under consideration. Many will be rejected.

Vetting applications has been slowed during the past year because strict criteria have been applied rigorously to many cases by Sir Keith Joseph, Industry Secretary, and because there was a rush of last-minute appeals for aid just before the closing date last year.

The most recent award announced went last week to Dunlop. It is receiving £2.25m from the scheme out of a total aid modernisation package of about £6m.

Other awards from the scheme this year include £1.9m to Avon Cosmetics, £2.4m to Lucas CAV, £1.1m to Wedgwood, and £750,000 to Signode, while £18m went last year to Dow Corning.

Tyne Dock repair company to reopen

TYNE DOCK Engineering, the 100-year-old South Shields ship repair company which crashed in March with losses of more than £0.5m, is to reopen.

Mr. Rab Butler, a former chief executive of the nationalised Tyne Ship Repair group, also based in South Shields, said yesterday that he intends reopening Tyne Dock Engineering—despite possible union opposition.

"I hope to have it open some time this month, possibly within ten days. It all depends on the lawyers," said Mr. Butler.

The yard's reopening will go ahead without union blessings. Mr. Butler said: "We have both taken up our points of view. There is no point in further discussions."

The Tyne area Confederation to Shipbuilding and Engineering Union six weeks ago rejected Mr. Butler's proposals for conditions of employment at the yard. It said they could create problems at other Tyne yards.

It is understood that Mr. Butler would like to introduce great flexibility and interchangeability of labour at Tyne Dock Engineering. The confederation fears that if he does there could be unfair competition with other yards and some recognised trades would be diminished.

Mr. Butler said yesterday that the plan was to start with about 50 men on th payroll, moving up to 150 in the first year and between 250 and 300 in three years' time, "as we did on the Clyde."

Mr. Butler owns another private shiprepair yard, Clyde Dock Engineering, which last year made good profits, some of which were shared among employees.

He said a fair amount of work was expected for Tyne Dock Engineering, when it reopened, and that with South Tyneside unemployment problems—male unemployment in the region is almost 20 per cent—he did not seriously expect anyone to try to stop the yard reopening.

Inflation

"I would have thought it would be welcomed," he said.

Tyne Dock Engineering closed in March making about 250 men redundant with losses since June, 1978, of £576,000.

Our Shipping Correspondent writes: British shipowners are not ordering sufficient ships to halt the decline in the UK merchant fleet. Only 2m dwt of shipping is on order whereas at least 2.5m dwt would be needed to hold the UK fleet at its present size.

In its 1980 British Shipping Review, the General Council of British Shipping says: "Many companies, with their reserves depleted, need a fiscal boost, even if only for a limited period."

The UK fleet has fallen from more than 50m dwt to 37m dwt over the last few years. In order to halt this decline the industry is pressing for the reintroduction of investment allowances.

The fleet consists of 1,200 ships and the average age is seven years. British shipowners spend £40m a year on training and British ships are three times as safe as the world average.

Tax rule on art sales 'not formal'

By Alan Friedman

THE TREASURY has confirmed that a 23-year-old tax rule on the sale of works of art to UK institutions is "without any statutory basis." The provision is a tax concession which enables private sellers to be paid a premium on the likely after-tax value of a work of art. This 25 per cent tax concession is known as a "doneeur."

But according to the Treasury, the doneeur need not apply in certain cases of UK museum purchase from private sellers.

The Treasury statement follows a number of calls by museum directors and art dealers for a clarification of the tax laws governing sales to public organisations.

The Treasury said yesterday: "The 25 per cent doneeur is not a formal law. The arrangement is an administrative provision which has been operating since 1957."

Under the arrangement, UK institutions have typically agreed on the market value for a particular work of art and then paid the seller the net after-tax amount plus a quarter of the remaining value. Art sales by normal auction are, however, fully taxable.

But under the law the sale of certain art works can be fully tax exempt. The Treasury said: "If there has been a misunderstanding, we are surprised by it. Under the laws a museum director can do a straightforward deal with a private seller without specific regard to the doneeur."

Mr. Michael Levey, director of the National Gallery, yesterday said he was pleased the situation had been clarified. "I am surprised, but not embarrassed to learn that we have additional flexibility because museums and galleries have been following the doneeur for years."

Highland Distilleries takeover vetoed

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MR. JOHN NOTT, Trade Secretary, has confirmed that the Monopolies and Mergers Commission unanimously vetoed the proposed £80m takeover of Highland Distilleries by the Canadian drinks group Hiram Walker-Gooderham and Worts.

Mr. Nott's statement came in advance of the full report by the Monopolies and Mergers Commission to be published later today.

His confirmation of the Monopolies Commission findings led to a sharp fall in the share price of Highland Distilleries. By the close of trading last night, Highland's shares had fallen 18p to 120p.

The take-over bid by Hiram Walker for Highland, makers of the Famous Grouse scotch whisky, was made in December and valued Highland at £80m. However, a spirited defence by Highland eventually led to the take-over being referred to the commission in January.

Mr. Nott said he accepted the commission's recommendation that the proposed merger might be expected to operate against the public interest and there-

The Director General of Fair Trading will seek formal assurances from Hiram Walker that it will not attempt to go ahead with the takeover.

The commission's major reason for rejecting the takeover was the increase in concentration of distillery ownership

The commission refused to accept Hiram Walker's undertakings that competition would not be eroded by the merger.

The commission decided that a merger "was likely to have an adverse effect on a limited number of career opportunities

If Hiram Walker were allowed to acquire an existing successful UK blended whisky, the merger was likely to limit further competition from the company's existing distilling interests in Scotland.

The commission concluded that since it could find no benefits in the merger for Highland to offset the adverse effects it should not be allowed.

Wider backing sought for campaign to save whales

BY ALAN FRIEDMAN

A WORLD-WIDE campaign to "Save the Whale" was launched yesterday by Friends of the Earth.

Mr. Tim Clarke, wildlife campaigner for the conservation organisation, said the fresh effort followed the failure of the International Whaling Commission, held last month in Brighton, to agree on methods to save whales.

The four-point programme includes a campaign for legislation to ban the trade in whale products throughout the world and to prohibit the taking of all marine mammals within 200-mile zones.

Another goal is a ban on the direct killing of whales in the North Atlantic.

Finally, the conservationists will launch a recruitment drive to bring more non-whaling nations into the Commission. There are 24 countries in membership, of which 10 are whaling nations. Block voting by these delegations at the last meeting effectively prevented the approval of any new whaling moratoria.

Mr. Clarke said the new campaign would be conducted with the aid of the UN environmental liaison centre in Nairobi, the European environmental bureau of non-governmental groups in Brussels, and Friends of the Earth chapters around the world.

He anticipated that it would cost around £20,000.

Economists optimistic on inflation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CITY ECONOMISTS are increasingly optimistic about the outlook for inflation over the next 18 months.

James Capel, stockbrokers, for example, said the outlook for pay increases in the coming round is perhaps more favourable than in any other year in the post-war period. Private-sector increases could be held to 12 per cent.

Consequently, the brokers reckon that, with sterling likely to remain relatively firm and commodity prices sluggish, the 12-month rate of retail inflation could fall below 10 per cent in the fourth quarter of next year.

While this is at the optimistic end of the forecast range, many analysts agree there will be a significant deceleration. Staniland Hall Associates, business forecasters and advisers, projected that by the fourth quarter of next year there will be an inflation rate of 11 to 12 per cent.

There is, however, agreement that the outlook for activity and jobs is gloomy over the next 18 months. The Charterhouse Group, an investment and banking organisation, suggests in its latest forecasts that the UK recession will bottom out in he second half of 1981.

But, it says, unemployment will continue to rise until early 1983, reaching an adult total of 1.9m at the end of this year and of 2.3m by the end of 1981.

● The fastest growing sectors in the UK over the decade to 1981 apart from North Sea oil, have been communications (4.2 per cent a year), chemicals (4.1 per cent), financial and business services (3.8 per cent) and electrical engineering (3.6 per cent). This is shown by "An Economic Profile of Britain, 1980," published yesterday by Lloyds Bank.

Decrease in building society home loans

BY MICHAEL CASSELL

THE NUMBER of building society mortgages being arranged has fallen to its lowest point for more than three years, although the societies rarely have been closer to meeting demand for home loans.

Yesterday's figures from the Building Societies Association showed they made 146,000 loans in the second quarter of 1980, the lowest figure since the first three months in 1977.

The societies expect the number of transactions to rise to around 165,000 in each of the two remaining quarters of 1980. Even so, the annual total is unlikely to he more than 628,000 mortgages. Last year, the societies made 715,000 loans.

Lending in 1980 should rise to a record £9bn against £8.8bn last year, hut the decline in actual loans is accounted for by house price inflation.

The association says the rate of increase in house prices has slowed considerably. In May, the annual rate of increase fell below 20 per cent for the first time since July 1978. This was because of higher mortgage rates and a decline in real income growth.

The societies now acknowledge that demand for home loans has moved much closer to the available supply, for the same reasons which have dampened prices.

Some purchasers in 1978 and 1979 were also bringing forward transactions because of favourable market conditions.

The number of mortgage loans made in the second quarter were well below the level being forecast by the societies. This is probably because of a higher than normal rate of cancelled mortgage approvals

The societies say the prices of new houses have continued to rise more rapidly than those for existing homes. In yesterday's BSA Bulletin an article claimed that prices were not principally determined by the flow of finance into the private housing market.

The article says that, in the short term, changes in real incomes and the number and amount of loans to first time buyers seem to be important in setting the rate of price rises. The number of first time buyers, it says, is crucial in determining the supply-demand balance in the housing market.

Figures published yesterday by the Department of the Environment showed that the average price of a home on which mortgages were approved in the second quarter of 1980 was £24,400, showing an increase of 2½ per cent over the first three months of the year.

Warning of worse textile crisis

BY RHYS DAVID

CLEAR SIGNS that the crisis in Britain's textile industry is going to get much worse over the next few months have emerged in the latest survey of trends by the Confederation of British Industry and National Economic Development Office.

With retailers unable to shift goods despite extended sales, ordering is being cut back severely and more closures and heavy redundancies are on the cards when manufacturers run out of business in the autumn.

The retail pattern over the past four months has shown a drop in the volume of clothing sales—for the first time in three years—rather than the increase the trade had been hoping for as a result of price cuts.

Poor sales have stopped retailers reducing heavy year-end stocks, and have resulted in reduced buying from suppliers.

The evidence suggests retailers will be reducing orders even more over the next four months even though some improvement in sales is expected. This suggests retailers are seeking to operate at lower stock levels.

The situation in the textile and clothing manufacturing sectors, all suffering from the effects of weak retail trade, is described as extremely depressed.

Business confidence, orders, deliveries, output, and capacity utilisation are all showing worsening trends.

Twenty per cent of all the companies covered reported that current orders represented less than one month's production, and nearly 80 per cent claimed tto be working below capacity. Only 3 per cent expected to authorise capital expenditure to increase capacity over the next 12 months, and only 1 per cent expected to employ more people.

The survey, done in the first two weeks of July, provides evidence of the tightening squeeze on margins.

While unit costs are still rising there has been a marked slow-down in price rises for goods supplied to the domestic market, and a reduction in the prices of export orders.

Trends in textiles and clothing. NEDO, Millbank Tower, SW1P 4QX; £27.

BL still backing Aveling Barford

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

AVELING BARFORD, the construction equipment subsidiary of BL, has substantially reduced its losses so far this year. But there is little prospect that the company will achieve the financial recovery necessary for it to find an outside buyer before the end of next year.

BL has made it clear it will continue to support Aveling Barford in its bid to return to profit, in spite of other pressing demands on its funds.

BL's aim is to find a buyer, but it realises this is almost impossible unless the company is healthier. In the full year, losses of around £3m-£4m are expected.

Last year Aveling Barford lost nearly £16m, plus £8m related to the closure of Aveling Marshall and redundancies at the Grantham plant.

Without Aveling Marshall the company's chances of returning to profit have improved considerably. But intense competition in international construction equipment markets, and the need to re-establish credibility following a period of uncertainty about Aveling Barford's ownership, make this difficult.

Reorganisation under Mr. Roger Lockwood, the new managing director, was completed last week. Stocks and work-in-progress are being reduced and redundancies among the 1,750 workforce are not expected. Work is continuing on new product development—two new dump trucks and a new road-roller will be introduced in 1981.

BL still hopes to find a buyer in the engineering industry for Aveling Barford. A deal was arranged last year for the company to be bought by Acrow, but this was called off by Acrow in the autumn. Since them BL has not actively sought a buyer and has not received offers.

Stock Exchange turnover in July

Upsurge in equity turnover

BY NIGEL SPALL

THERE was a strong upsurge in activity in the equity sector of the Stock Exchange in July. The 1 per cent cut in Minimum Lending Rate early in the month injected renewed buoyancy which pushed turnover to £3.46bn, its highest since the record £3.74bn set in March 1979.

July had two more trading days than June which helped to push turnover up from the latter's £2.62bn, but the average daily value of equity business expanded from June's £124.9m to £150.5m.

The number of equity bargains rose by 90,779 to 452,253, also the highest monthly total since March 1979, and the average value per bargain rose £393 to £7,562. The FT turnover index for ordinary shares jumped in July to 617.5 from 468.1 in June and compares with the 1979 monthly average of 358.5.

Equity prices last month advanced to their highest for 13 months, the MLR reduction being the cue to test higher ground.

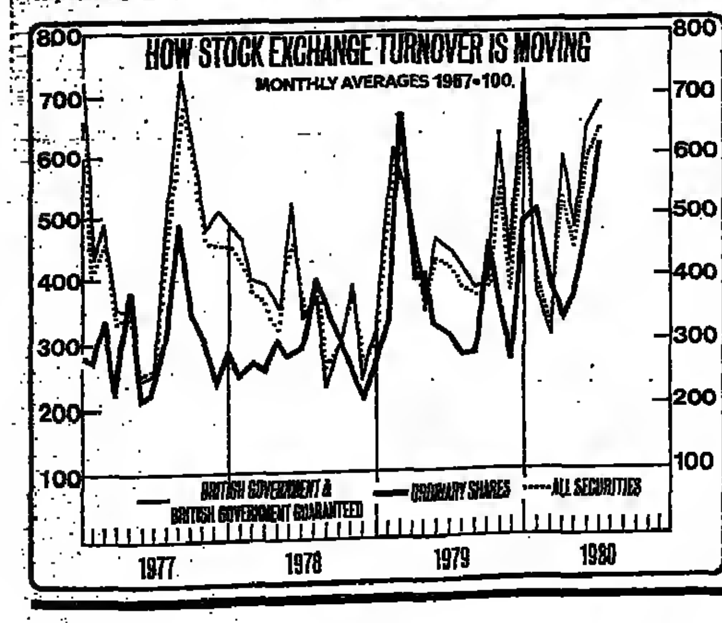
The FT industrial ordinary share index, from an end-June figure of 464.8, breached the psychologically important 500 mark to a 13-month peak of 503.1 on July 16, then fell to close the month at 490.3 for a net rise of 25.5 points. Caution towards the end of the month reflected doubts about the timing of further cuts in MLR.

Overall trading in gilt-edged securities also increased last month, by £0.87bn to £16.13bn. A rise of £1.7bn to £9.17bn in long-dated stocks was the main feature, turnover in the shorts falling £0.84bn to £6.96bn.

The Government securities index rose from an end-June level of 69.12 to a nine-month high of 72.54 on July 21 and ended the month 1.66 points higher on balance of 70.78.

Total Stock Exchange turnover in July rose by £1.65bn to £20.98bn, while the number of bargains jumped by 109,282 to 596,126. The FT turnover index for all securities rose from June's 592.1 to 642.7 which compares with last January's near-record 660.8 and the 1979 monthly average of 431.5.

The FT gold mines index finished the month 14.3 points higher at 369.8, contrasting with the price of gold bullion which during July lost $35 an ounce to $616½.



Category	Value of all purchases & sales £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed							
Short-dated (having five years or less to run)	6,956.5	33.2	33,035	5.5	302.5	210,580	1,436
Others	9,173.7	43.7	67,259	11.3	398.9	136,393	2,924
Irish Government							
Short-dated (having five years or less to run)	406.9	2.0	1,705	0.3	17.7	238,670	74
Others	330.9	1.6	2,965	0.5	14.4	111,610	129
UK Local Authority	393.7	1.8	5,368	0.9	17.1	73,341	233
Overseas Government Provincial and Municipal	20.6	0.1	1,695	0.3	0.9	12,134	74
Fixed Interest Stock Preference and Preferred Ordinary shares	230.5	1.1	31,846	5.3	10.0	7,237	1,385
Ordinary shares	3,460.5	16.5	452,253	75.9	150.5	7,652	19,663
TOTAL	20,973.3	100.0	596,126	100.0	911.9*	35,183	25,918

* Average of all securities

Retailers attack origin markings

By David Churchill, Consumer Affairs Correspondent

BRITISH retailers have launched sharp criticism of Government proposals that a wide range of consumer goods should be compulsorily marked with their country of origin.

The Retail Consortium, which represents more than 90 per cent of the retail trades, described the new proposals as "invidious" and claimed that there was no evidence of consumer support for the legislation.

The Government plans to introduce the regulations governing country of origin marking in the autumn for implementation, if approved by Parliament, over the next 38 months.

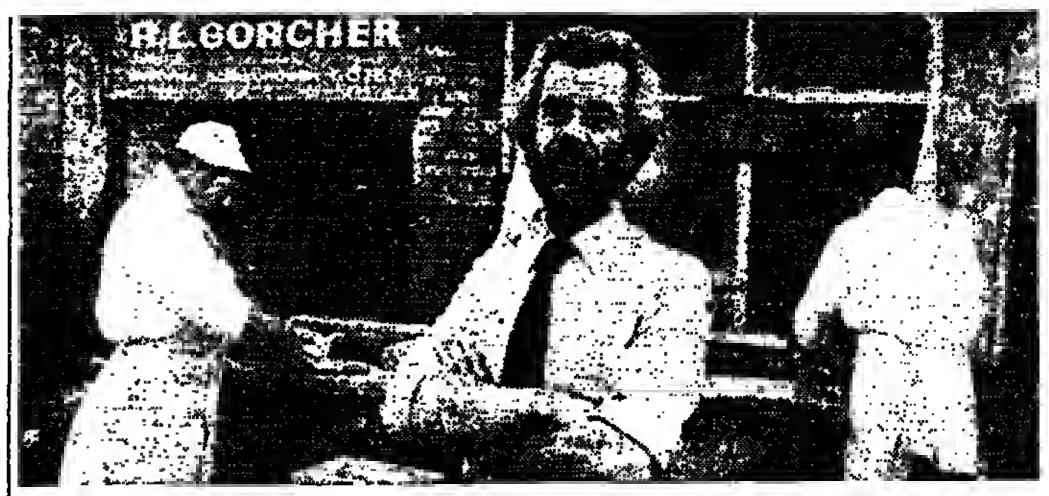
They will mean that consumer goods — covering clothes, textiles, footwear, electrical appliances, and cutlery—must state country of origin.

Mrs. Sally Oppenheim, Consumer Affairs Minister, put forward the proposals following consumer surveys carried out by the National Consumer Council and the National Union of Townswomen's Guilds.

Both surveys suggested that some consumers would find it useful when making "value for money" comparisons if they know the country of origin

The Retail Consortium argues that "from the surveys undertaken, the country of origin was not information that was spontaneously requested, nor is there evidence of more complaints for imported goods than British goods.

"With so little justification for legislation, it is invidious that the retailer should be required to incur additional costs."



Anthony Moreton looks at Scarborough's fishing industry

New problems for a vintage port

BY ANTHONY MORETON

THERE'S many a trade unionist has proposed many a motion for many a happy hour in Scarborough. The town attracts conferences like Clack's Farm draws gardeners.

Many of these conferences take place at the Grand Hotel, a monument to Victorian acumen which looks like a half-brother to St. Pancras station. Today, above the entrance it sports the word Butlin's in rather vulgar capital letters. Anne Bronte, who died in 1849 in a house on the site on which the Grand now stands, might have wished to have passed on in a rather more genteel spot.

I stayed at its neighbour and competitor, the Royal. The Royal has a dining room which during my visit had much of the atmosphere of the last Friday morning of a Labour Party conference—the bit when the platform links hands, sings the Red Flag and vows eternal brotherhood to a largely empty hall, most the delegates having had the sense to catch an early train home.

My neighbour at dinner was clearly a North Country worthy, a solicitor perhaps. His half-glasses barely clung to the end of his nose; perhaps they had slid so far in amazement at the menu which imposed a surcharge on eight of its 18 dishes. He and his partner were savouring half a bottle of Barsac and using their knives as though they were writing letters to protest to the Law Society.

Scarborough tends to pride itself on being a cut above the other Northern resorts, attracting the professionals as well as the transient unionists. But thre is still another side to the town, and this is its fishing business.

Charles Simmons (above, centre) has seen many changes in the port since he started work there about 30 years ago. In the 1950s the vessels were coal-fired and many of them fished by line. He saw the decline of the port as these vessels reached the end of their economic life and its later resuscitation as more capital was pumped in. Now he sees the threat posed as a result of over-fishing by the European boats.

Mr. Simmons says he is no socialist but he is loud in his praise of Mr. John Silkin, the Minister of Agriculture and Fish in the last Government. "There is a man who stood up for us," he says.

Scarborough is one of the best of the country's smaller ports but it faces a future as uncertain now as in the 1950s.

"Until we joined the EEC, Scarborough was a prosperous little port. Prices here were as good as anywhere around the coast. But the EEC has undermined all that. It has allowed foreign boats to fish right into our waters.

"Until we joined the EEC, Scarborough was a prosperous little port. But the EEC has undermined all that. It has allowed foreign boats to fish right into our waters."

"That is bad enough, but the real worry is that they are scrooping everything out of the water. The British fisherman has always been conservation-minded. There were minimum sizes of fish that could be landed and nets of sufficient size to allow immature fish to escape.

"But the foreigners catch everything and throw nothing away."

Mr. Simmons is in a good position to monitor these changes. Twenty years ago he founded the Scarborough Fisherman's Selling Company

He is a sort of nursemaid for the 60-odd boats in the port. He buys fuel, rigging and food, he sells the fish that is landed and pays the boats and the crews.

Inflation has taken its toll on his clients. Electronic equipment now costs about £100 to £200 a week to hire and fuel can total £1,500 to £2,000.

The system in Scarborough is that the boat takes half the income from the fish sold—to meet interest payments and other prior charges—and the rest is divided among the crew.

"One of our bigger vessels fished for nearly a fortnight recently and sold a catch for £5,000. The men got £52 each. It's not much for over 200 hours of very hard work."

Not much at all—especially for what the locals like to think is the Rolls-Royce of fish. Charles Simmons gave me some fillets of cod and haddock to take home and as I passed through Whitby I thought how much nicer fresh fish was than the repast offered by the Harbour Diner.

A board outside its door proclaimed: Today's Special, Three Fish Fingers and Chips, 75p.

The Harbour Diner was full, too, unlike the Royal's restaurant.

Tomorrow: New jobs in Guisborough.

UK NEWS—LABOUR

TUC lagging plan rejected again

BY NICK GARNETT, LABOUR STAFF

THE Electrical and Plumbing Trades Union yesterday became the second union to reject the TUC's proposals for resolving the Isle of Grain lagging dispute.

Unions involved in construction were formally advised two weeks ago that they should accept the proposals. The advice was coupled with a warning that if they declined to do so, the TUC would have to consider whether to initiate procedures with could lead to their suspension from the TUC.

The executive of the electricians' union decided yesterday, however, to reaffirm the position it has taken over the power-station site.

The union, with the construction section of the Amalgamated Union of Engineering Workers, has been supplying men to replace laggers—traditionally members of the General and Municipal Workers Union—whose system of bonus payments triggered the dispute.

Mr. Frank Chapple, the electricians' general secretary, is writing to Mr. Len Murray, TUC general secretary, explaining his executive's decision.

The AUEW's construction section executive has turned down the TUC proposals. The union's engineering section is also understood to have written to the TUC explaining that it, too, finds the proposals unacceptable. This will be discussed by the engineering section's executive today.

The TUC proposals, accepted by some unions, envisage the GMWU sending in men to replace those newly-trained laggers from other unions. It also provides for continued use of employers within the Thermal Insulation Contractors Association.

The unions which have rejected the proposals do not believe they would result in continuing work on the power station, partly because they run counter to the position adopted by the Central Electricity Generating Board, the client.

The AUEW construction section said it objected to the proposals on two specific points—the continued use of TICA members and the doubt that its own newly-trained laggers could be found alternative jobs on the site.

Print union to meet again on Observer

BY NICK GARNETT

THE COUNCIL of the National Graphical Association, the union involved in the Observer dispute, will reconvene tomorrow to review its position over the fate of the newspaper.

Mr. Joe Wade, the union's general secretary, yesterday met Mr. Len Murray, the TUC general secretary, to discuss the dispute. Mr. Wade then told him he would be recalling the national council.

Mr. George Jerrom, NGA national officer responsible for Fleet Street, was due to meet union members at Purnell's of Bristol, which produces the paper's colour supplement. They too will lose their jobs if the newspaper closes in October as a result of the pay dispute with its machine managers.

NGA officials have already explained to their members in the composing room—who have agreed pay terms with the company linked to new printing arrangements—why the NGA national officials have taken the position they have.

Mr. Jerrom said yesterday that it was principally the threat to jobs which had led national officers to recommend the formula arrived at with management at the Advisory, Conciliation and Arbitration Service. That formula was overwhelming rejected by NGA members in the machine room.

The decision to recommend the formula did not represent lack of support from national officers for the machine room, he said.

Management has refused to improve its offer of £100.13 for the weekend shift in the face of an £108.13 claim. The management, which has issued notices of dismissal to 1,000 staff, has set October 19 as the date for closure unless the dispute is resolved.

BL loses pay test-case

FIVE FORMER BL workers won a test case for more redundancy money yesterday at an industrial tribunal in Edinburgh. The five, four men and a woman, accepted voluntary redundancy from the medium and light vehicle division of BL at Bathgate, but discovered that their severance pay had been worked out on an old wage scale.

The tribunal was told that a new wage agreement for workers at the the Bathgate plant was signed on April 24, 1980, backdated to January 4.

The five employees, who each had more than 12 years' service, left in February and March. Later they received cheques to make up the difference in pay between old and new rates. But their redundancy payment was calculated at the old rate.

Yesterday the tribunal said: "We are satisfied that the payments which ought to have been paid to the applicants should have been at the new rate and not at the old one."

It is understood that about 300 similar claims have been made by former BY workers. BL said it was studying the decision's implications and expected to make a more positive statement of its intentions within a few days.

New links aid industry

BY LORNE BARLING

A BUSINESS "marriage bureau" has been started in the Midlands to help small companies and individuals establish contacts with larger concerns, with strong emphasis on the development of new products.

The scheme, part of the Chamber of Commerce's Birmingham Venture project, is aimed at creating links which will benefit both sides and stimulate manufacturing industry in general.

By means of a bulletin published by the Chamber, small companies can make their activities known to industry in the area and encourage the use of their products or services.

Agricultural union seeks big pay rise

By Our Labour Staff

THE FARMWORKERS' union has drawn up a pay claim for a "very substantial" increase designed to give an improvement in real earnings next year.

The 80,000-member National Union of Agricultural and Allied Workers' Union is asking for new overtime rates, to give double time for work on weekly days off, Sundays and public holidays. In addition, it wants a day off for Bank Holidays worked.

The adult rate should be payable from the age of 18 instead of 20, the standard working week reduced from its present 40 hours, and the night work premium raised, it says.

The claim, due for settlement in January, will be submitted in full next month. Formal negotiations with the Agricultural Wages Board for England and Wales start in October.

Terms and conditions set by the Board affect 150,000 farm workers in England and Wales.

Advice to Chilean delegation

TRADE UNION leaders including Moss Evans, Frank Chapple, Ken Gill yesterday appealed to a Ministry of Trade delegation going to Latin America to raise certain human rights issues with the Chilean military authorities.

Their letter expresses particular concern that the delegation's visit should coincide with increased repression, torture, mass arrests and intimidation.

The letter asks for a report on the Chilean authorities reaction to the inquiries on human rights.

Warning on job losses

THE NORTH WEST of England will become an industrial desert populated by people without hope unless the Government reverses its economic policies, the North West TUC said yesterday.

The TUC's regional secretary, Mr. Colin Barnett, said job losses in the first six months of this year were not far short of the total for the whole of last year.

The Manpower Services Commission said confirmed redundancies up to the end of June were 37,917 compared to 44,184 for 1979.

Firemen deny risk to public

ULSTER'S FULL-TIME firemen pledged yesterday that firefighting would continue despite their decision to take industrial action from August 18.

Mr. Archie Culbert, a national executive member of the Fire Brigades Union, said there was no question of putting the public at risk—"the dispute is not with the public but with the fire authority."

The firemen are upset because 48 jobs are unfilled. Nearly 600 full-time men in

Taxi fares simplified

FARE conversion tables displayed in London taxis with mechanical meters for the past five years will soon become unnecessary for all but a few longer journeys.

An Order which came into force yesterday allows the conversion of the mechanical meters to show the correct fares for all journeys of less than six miles. A conversion table for longer journeys will be displayed in the cab.

APPOINTMENTS

Senior posts at Extel

Mr. George Mann has been appointed deputy chairman of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS) in succession to Mr. Alan Brooker who has become chairman. Mr. Kenneth C. S. Yoong has been appointed managing director of the EXCHANGE TELEGRAPH COMPANY, the group's sporting and financial news agency and communications subsidiary. Mr. Michael P. Dineen has been appointed chairman of Extel Statistical Services.

★

Mr. Maurice Tanner has been appointed an assistant director, at the BRITISH GAS London research station.

★

ANDERSON HUGHES AND CO. has appointed Mr. P. D. K. Hallan, Mr. J. M. Piercy and Mr. A. D. Robertson directors. Mr. B. J. Spiller has become deputy managing director.

★

Mr. Frank W. Luerssen, president of Inland Steel Company, has been appointed a director of CONTINENTAL ILLINOIS CORPORATION and its principal subsidiary, CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO.

★

Sir Douglas Black, president of the Royal College of Physicians, has accepted an invitation to become chairman of the research committee of the BRITISH DIGESTIVE FOUNDATION.

★

Mr. Edward Donley, chairman of the Board of Air Products and Chemicals, Inc., has been elected to the Board of directors of MELLON BANK, NA, and its parent MELLON NATIONAL CORPORATION.

★

Mr. Guy Halliwell, chairman of Whitehead Consulting Group, has joined JOB CREATION.

★

ELECTROCOMPONENTS has appointed as a non-executive director Mr. A. G. T. Chubb, managing director of Foseco Minsep.

★

Mr. John Whitworth has been appointed a deputy director-general of the general council of BRITISH SHIPPING. He will have special responsibility for the labour affairs side of the GCBS. He also becomes the director of the International Shipping Federation. He succeeds Mr. J. K. Rice-Oxley who is retiring after more than 30 years' service to the shipping industry.

★

Following the retirement of Mr. Robert K. Heimann on December 31, Mr. Edward W. Whittemore will become chairman and chief executive officer of AMERICAN BRANDS. From January 1, Mr. John F. Walrath and Mr. George J. Schramm will become vice-chairmen. They will retire in May and June of 1981, respectively. Mr. Walrath is currently president and chief operating officer; Mr. Schramm is executive vice-president and chief administrative officer. Mr. Virginius B. Lougee, III, currently executive vice-president—tobacco, will become president and chief operating officer on January 1, 1981.

★

Mr. T. M. Sills has been appointed to the board of SIDNEY C. BANKS. Mr. Sills will be following his father, Mr. T. H. Sills, who is resigning. Mr. J. P. U. Burr has been appointed a director. Mr. Burr is a director of Bass Ltd., chairman of Bass Europe and president of the Common Market Brewers Council.

★

DIMPLEX HEATING has appointed Mr. Brian Follett as administration director at its head office at Millbrook, Southampton. Mr. Derek A. Sturgess has been made works director at Millbrook.

Clegg warning on pay comparability

BY PHILIP BASSETT, LABOUR STAFF

FUTURE GOVERNMENTS will be unable to resist the mounting pressure for pay comparability, the Clegg Commission warned yesterday as its own abolition was announced by the Prime Minister.

The commission—in a report published yesterday which covers a range of general issues arising from its previous specific reports on various groups' pay—said that the relevance of comparability to public sector pay was one of the central issues of British industrial relations.

In a rearguard justification of its own existence, the commission argued that an independent assessment of public service comparability was warranted for a number of reasons.

Firstly, there was a public interest in scrutinising pay settlements met largely or entirely from rates or taxes. Public employees should be shown not to be exploiting their position, though the Government should not use its authority or influence as an employer to treat public employees harshly.

There was a special difficulty in determining comparisons for those jobs found largely or exclusively in the public sector; and finally, "there is a special concern to avoid industrial action in the public services, both because strikes in some of them can be particularly disruptive or even dangerous and because of a not uncommon belief that strikes in the public service are morally reprehensible."

The commission said that the debate over the merits and demerits of comparability was "confused and unresolved," but acknowledged the gathering momentum of the present swing away from it.

The report warned, though, that it was "highly likely that pressure for comparability will sooner or later mount to the point where the Government of the day will find it irresistible, as Governments have in the past."

At the same time, the commission admitted that pay comparisons could not provide a "uniquely correct" level of pay or structure of wages. Public service pay comparisons were a useful instrument, "but it is not a cure-all to solve all the pay and manpower problems of the public services."

In particular, the commission states that its own work has been hampered by its being forced into the position of an arbitrator on disputes, rather than being an input into union-management negotiations.

As a result, "short-term considerations" have weighed heavily upon its operations.

While the commission believes that progress has been made in the 16 months of its existence towards a fair and rational long-term basis for public sector pay comparisons, it says that to do its job properly, each of its 26 references should have taken it a year.

While some work could be carried out simultaneously, three or four years would really be needed to complete the programme presented to the commission.

In reply to its critics who argued the commission's reports took little or no account of labour market factors, the commission accepts that such factors and efficiency are relevant to pay settlements.

But it states that *public service pay cannot be automatically determined by supply and demand.* What evidence it has used on the point has been sketchy, and in any case has pointed towards substantial pay increases.

The commission goes further, by stating that such matters as labour market forces and efficiency are for management and unions to determine as priorities in negotiations.

It was for management, not a pay commission, to work out if the pay of certain grades ought to be increased to attract any required recruits: it was for management to determine whether matching the rates of pay suggested by outside comparisons should be conditional on improvements in workers' *performance.*

In a recommendation which seems likely to be quickly taken up by the union negotiators concerned, the commission states that while it rejects—as inflationary—automatic indexation or throwing forward awards to take account of comparators' future settlements, its own awards should be updated to keep them in line with their outside comparisons if both management and staff are agreed on the validity of the original Clegg report and updating is desirable.

Such updating, though, could only be valid for about four years before a repeat of the full comparability study became necessary.

The commission ducks the question of making a monetary quantification of job security in the public sector, which the Government urged it to study, and on other conditions of service, preferring instead to await the outcome of the recently-announced Government inquiry on such security and index-linked pensions.

It also puts no value on pensions provisions as an inducement to taking and remaining in a particular job.

For the future, it rejects the idea both of a wide-ranging relativities board for the public sector as probably unworkable, and of establishing sustained comparability exercises for individual public sector groups.

It suggests as a "more promising line of advance," however, trying to draw up a common approach for public sector groups such as teaching, nursing and medical supplementary professions—all those which uphold values of service which they consider should be reflected in their pay.

Finally, it urges that, in future, comparability bodies should not be bound to make specific recommendations.

Standing Commission on Pay Comparability: Report No. 9—General Report. Cmnd. 7995, HMSO, London.

Death knell of Labour's 'last try'

BY PHILIP BASSETT, LABOUR STAFF

THE CLEGG COMMISSION, whose death-knell was sounded yesterday by Mrs. Thatcher, was set up during the trade union "winter of discontent" of last year as the act of the already drowning Labour Government clutching at a straw.

While its establishment undoubtedly eased the difficulties facing Mr. James Callaghan, the then Prime Minister, in the preliminary run-up to the general election, its formal birth two months before polling day failed to give Labour enough time to make up for the electoral ground lost during the wave of strikes of the winter.

Since its establishment, it has had the pay and conditions of 26 different negotiating groups referred to it for report.

At the time of the announcement of its abolition yesterday, it had dealt with 14 of these, covering about 2.5m workers. The remaining references, covering about 200,000 employees, were still outstanding.

But while the commission got such groups as the hospital and local authority manual workers and the teachers off the streets and back to work, its reports—like those of the National Board for Prices and Incomes more than a decade earlier—became increasingly criticised as engines of inflation, particularly by the new Conservative Government.

Unions, too, began to draw back from the vision of Clegg as the public sector pay panacea when the fruits of their agreement for their disputes to be referred to the commission began to be borne in the form of awards considerably smaller than they had been hoping for.

By the time of last winter, let alone by the time of its abolition, few union negotiators were seriously considering the idea of any dispute being referred to Clegg.

The Government's economic and ideological disapproval of the commission began to manifest itself more clearly in Ministerial speeches and various leaked newspaper reports.

But the final hammer-blow to the commission's future came with the newspaper disclosure that it had made a £130m error in its award to the teachers, so overpaying them by about 4 per cent.

Neither employers nor unions then, let alone the Government, will much mourn the commission's passing. But as Professor Clegg warned yesterday, and as this winter's public service claims are likely to show, some machinery of comparison will still be used in negotiations and may be likely to be needed again to bale a Government out of industrial trouble.

Peers 'may operate Heathrow bus link'

A BUS SERVICE for travellers to Heathrow Airport may be operated by a group of peers, Baroness Burton of Coventry told the House of Lords yesterday.

Lady Burton, former Labour MP and a well-known campaigner for airport facilities, said members of the House and people outside were trying to form a consortium to operate economic coach services, in response to British Airways' threat to close its present service.

She said she recently took a taxi from Heathrow to central London and had to pay £12 including a tip. "I maintain this is quite outrageous," she added, and urged the Government to ensure the coach service from the Victoria terminal would not be stopped at least before the end of the Parliamentary recess.

She was backed by Tory Baroness Trumpington who said using taxis was not the answer. How could four people who did not know each other get into one cab if they all had luggage and children? Sharing taxis was no solution.

Lord Monson, an independent, said this important issue should not be left to British Airways alone. The Government should give a subsidy so the service could continue.

But Lord Mowbray and Stourton, for the Government, rejected the idea of cash aid. Coach services were a problem for the airline board and the Government would not interfere.

The number of passengers using the service was falling and the service was a loss-maker. However, as yet there was no firm decision to withdraw the coaches.

Joseph refuses to be drawn on interest rates fall

BY IVOR OWEN

IMPROVED competitiveness must be the primary aim of most British firms, Sir Keith Joseph, the Industry Secretary, maintained in the Commons yesterday when some Tory backbenchers joined with Labour MPs in expressing concern about the bleak future facing much of British industry.

While confirming that "a deepening recession" is looming ahead, he refused to be drawn on the prospects for an early reduction in interest rates, and insisted that industry must learn to live with the consequences of rocketing energy prices.

There were shouts of "when" from the Opposition benches when Sir Keith claimed that Government policies were designed to create the climate in which industry could prosper.

He conceded that financial assistance to industry had a part to play but stressed "industrial success depends on action by management and workforce to improve competitiveness."

Mr. David Winnick (Lab., Walsall North), accused the Industry Secretary of speaking from "fantasy land" and said it was not surprising that he was widely regarded as the "grave digger" of British industry and jobs.

Sir Keith admitted: "It is true that the prospect is one of deepening recession which in turn, reflects world recession, oil price increases and our own sustained decline in competitiveness over recent decades."

But he insisted: "It is fantasy on the part of Labour MPs to ignore that crucial factor which is within our own control."

Mr. John Silkin, Labour's Shadow Industry Minister, underlined the fact that the Financial Times survey of Business Opinion published on Monday suggested that falling demand was currently a more important influence on the size of companies workforces than labour costs.

This situation, he argued, was the direct result of the Government's deflationary policy.

Sir Keith replied that the nature of the lack of demand reflected lack of competitiveness.

Joseph: improved competitiveness the primary aim.

While imports were flooding in, there was a huge potential demand which British business was unable to meet because its products and prices did not satisfy the customers in the High Street.

Mr. Kenneth Lewis (C., Rutland and Stamford) highlighted the unease on the Government backbenches by urging Sir Keith to warn the Treasury that there would be a danger of "overkill" if high interest rates were retained for too long.

"If too many businesses go down arising out of that bombed out situation the Government would have to spend more money not only in order to help large businesses but also small businesses," he said.

Sir Keith emphasised that in general the private sector supported the Government's policy.

Mr. Ray Whitney (C., Wycombe) suggested that the abolition of national wage bargaining would be a major factor in helping manufacturing industry and employment prospects.

Sir Keith declined to be tempted into policy areas outside his direct responsibility but agreed that wage bargaining which ignored crucial local factors of supply and demand and profit did great damage to the firms concerned and their workers.

Bid for Euro cash to improve UK roads

BY LORNE BARLING

EFFORTS ARE being made in the European Parliament to win approval for Community funds to improve the poor road links between the Midlands and east coast ports and for expenditure on the ports themselves.

Conservative members of the Parliament see the scheme as an ideal way of improving UK trade links with the Continent and, at the same time, evening up the balance of benefits against British contributions to the EEC budget.

Midlands industrialists have long complained about the expense and delays involved in exporting their goods to Europe through ports in the south-east, since communications and ports on the east coast are inadequate to handle the potential volume.

Conservative MPs are urging Community Transport Ministers to consider their request "as a matter of urgency." A resolution passed recently calls for the overall development of infrastructure to carry increased trade.

All 20 Euro-MPs from the Midlands and East Anglia have signed the resolution, and many are confident that some action will result since road improvement in the UK is a favourably regarded area for EEC funds, particularly when related to trade.

Mr. Robert Moreland (Staffordshire East) and a member of the Parliament's Transport Committee, said: "Almost all the roads from the Midlands to the East Coast ports carry a large number of heavy lorries.

"Improvements need to be made to remove this heavy traffic from the towns and villages, and help reduce industry's costs."

Statement demanded on air crash

A PUBLIC STATEMENT on the outcome of inquiries made in Spain about the refuelling of the Viscount airliner which crashed in Devon last month when returning from Santander was demanded in the Commons last night by Mr. Peter Emery (C., Honiton).

He referred to "extremely unpleasant reports" which, if not true, were highly libellous and slanderous.

The aircraft, owned and operated by Alidair, ran out of fuel when making its final approach to Exeter airport and crashed in a field at Ottery St. Mary some six and a-half miles away.

Mr. Emery urged that the findings of the inquiry should be made public.

He also called on the Government to make it clear that no fault attached to Exeter airport for the crash.

Defence budget may be cut by £300m

BY LYNTON McLAIN

CUTS OF ABOUT £300m in Britain's defence budget in the current financial year could be announced later this week in an attempt to keep defence spending within previously agreed limits.

Britain's warship building yards are expected to take the brunt of any cuts.

British Shipbuilders, which owns and operates three specialist warship yards and four mixed warship and commercial yards as well as other non-naval yards, has been warned by the Defence Ministry to expect a "dip" in orders for Royal Navy vessels.

Also the development of new or improved systems may be postponed, including new minesweepers.

The Government is also known to be considering the future of current cash limits as they affect the Defence Ministry.

Action is needed urgently. The £10.785bn total defence budget for this year is almost certain to be exceeded, possibly by as much as £500m.

This is the result of a faster-than expected rise in equipment costs and because defence equipment suppliers are completing contracts rapidly and submitting bills for immediate payment. Bills for payment are understood to be arriving at the MoD at the rate of £87m a week.

The Defence Ministry has already trimmed its spending this year, with £150m cut from non-operational spending

But the scale of cuts likely to be needed if the Ministry is forecasting a substantial overspend by the end of the financial year, is certain to have a much greater impact on defence programmes and employment.

Two years for repairs in Lords

REPAIRS TO the House of Lords chamber ceiling could last well into 1982, Lord Soames, leader of the House, said yesterday.

A protective working platform is to be put up to provide a temporary ceiling, at an initial cost of £150,000 including consultancy fees.

The platform will allow the Lords to resume sittings in safety after the recess and will also be used for further examinations of the old ceiling. The second stage will involve remedial repairs, added Lord Soames.

A wooden "boss," or coronet, fell from the decorated 140-year-old Pugin ceiling two weeks ago, and since then the Lords have been meeting in the Royal gallery while workmen investigate the condition of the ornamented ceiling.

Sealskin label order

BY RAYMOND SNODDY

AN ORDER that all seal skins and seal skin products sold in Britain should be clearly labelled from January 1 next year was made yesterday by Mrs. Sally Oppenheim, Minister for Consumer Affairs.

The Order, under the Trade Descriptions Act, will prohibit the supply of seal skin goods unless they clearly state what they are made of and where the seals were taken.

Mrs. Oppenheim said the aim was to give consumers the fullest information to enable them to use their influence in the market place.

"By not buying such products, they can accelerate the very sharp decline that has already taken place in the importation and sale of seal skins in this country," Mrs. Oppenheim said. The approach had been endorsed by the RSPCA, subject to a three-year monitoring period.

The Planning Bill—an object lesson in how not to legislate

Robin Pauley outlines the catalogue of errors which has plagued the Local Government Planning and Land Bill since its introduction in the Lords last November

A REPEAT of the stormy passage through the Commons now seems assured for the Local Government Planning and Land (No. 2) Bill which comes up in the House of Lords today for its second reading.

The Lords are likely to be just as worried as the Commons about the massive Bill which not only proposes constitutional changes in the relationship between central and local government but also raises fundamental questions about the way in which legislation is enacted in Britain.

The Bill — really six bills in one — has prompted a storm of criticism from all sides of the political spectrum in and out of local government.

Opposition

It has battled its way, more or less intact, as far as the Lords, which will have to be recalled early in October to finish work on it, a fact which has not helped to endear it to Peers. It is then that any strong opposition will show itself.

The Bill in its initial form—246 clauses and 31 schedules—was first introduced into the House of Lords on November 29.

A furious protest by the Labour Opposition about the principle of not introducing a major piece of constitutional legislation in the Commons resulted in a hasty retreat by the Government. It was re-published at the end of January with 149 clauses and 26 schedules.

The reduction was due partly to the amalgamation of some clauses and considerable improvement in the draughtsmanship of the Bill, which had been both hasty and poor to the point of incomprehensibility in parts initially.

But is was also due to the Cabinet's insistence that the Bill would have to be slimmed down if Parliamentary time was not to be swamped by Mr. Michael Heseltine, Environment Secretary, who also had the long and complicated Housing Bill running in tandem.

So he removed for consideration later (probably in a short Bill next session) proposals to improve the local ombudsman system, establish gypsy caravan sites, relax statutory controls and duties in the transport field, alter planning rules concerning the mining of minerals and restoration of land afterwards, and some minor rating provisions.

Between republication on January 25 and gaining a second reading in the Commons on February 6, the financial sections of the Bill attracted unanimous criticism from local government leaders at all tiers and from all political sides.

The Parliamentary Labour Party officially opposed the Bill and a number of Tories—including Mr. Geoffrey Rippon, former Environment Secretary—indicated their strong disapproval.

The main thrust of the protest was that although about 300 controls were indeed to be removed from local government, the fundamental feature of the structure of local government—the exercise of financial control—was to be weakened and brought under much tighter central control in such a way that councils could allegedly be manipulated, singly or in groups, more or less at will in whatever way the present or any future Secretary of State thought fit.

That such a thesis should be promoted by a Tory Government was confounding to the leaders of the local authority associations, all of which were then Tory controlled.

They saw it as contrary to basic Conservative principles and more akin to the Socialist centralist theories of delegated regional and local administration in Eastern Europe. The Guardian newspaper was later even prompted to refer to "Heseltine's nationalisation of local government."

These arguments and intensive lobbying against the financial provisions of the Bill were to no avail; it got a second reading and went into committee.

The Bill made reasonable enough progress in committee to begin with until Part VI was reached which deals with the change-over to a new block grant scheme of rate support.

Under the new system each authority's spending needs will be assessed by the Government. Then a standard rate poundage, set by the Government and the same for each authority, would be levied. Subtraction of the sum raised by levying the standard rate poundage from the spending need assessment produces the block grant figure—a single amount to replace the present needs and resources elements.

The three fundamental objections to the block grant clauses, with regard to legislative procedure in Britain, have been that:

● They represent a hasty bid to legislate in principle on a very complex subject before any detail on the working of the scheme had been investigated.

● The clauses, and other parts of the Bill, are full of open ended proposals providing potential powers and scope of action for future Governments on a scale rarely seen,

● The clauses were introduced on the understanding that they would be subject to meaningful consultation, implying negotiation, with local authorities. But consultation on block grant has been used only to the advantage of the consultors, and local authorities say they have not been consulted in a way which would allow them to influence the operational details of the scheme.

These three points are particularly significant because local government regards the financial clauses as "one of the greatest threats ever posed to local democracy and autonomy."

There is no doubt that many of the other provisions of the Bill are widely welcomed by local authorities.

There is also no doubt that there is general agreement that the present rate support grant system is in need of drastic overhaul, works inefficiently and unfairly, and encourages profligate spending (in a very small minority of councils) by rewarding higher spending with more grant on a pro rata basis.

The Government feels it has an inarguable case for intervention as central Government provides about 50 per cent or £10bn a year of total local government spending.

Block grant has been around as an idea of principle favoured by some civil servants for about six years. Mr. Peter Shore looked at it but wanted nothing of the furore he predicted it would create.

Its theoretical advantages are that it is simpler than the present system, is fairer and more logical in distributing grant, and allows the Government to withdraw grant progressively after certain prescribed levels of spending have been reached and then to penalise councils which decide to spend at a yet higher level.

Anomalies

These and many of the other more technical facets of the scheme have much to commend them in principle.

But the Government took these principles into legislation before any work had been done to test them in detail. As Mr. King was promoting his principles in committee, horrified civil servants were discovering that the more detailed work they did the worse the mire in which they found themselves.

Block grant, we now know, will not be simpler, will not be more logical and will also be full of extraordinary anomalies and potentially unfair and discriminatory factors—all of which will need complicated, sometimes arbitrary and often crude mathematical factors to iron them out, at least to start with.

None of this—and there is much more—could possibly have been known before detailed work began. Local authorities have argued all along that on an issue of this complexity and constitutional importance, legislation should not have been brought before some detailed analyses were available.

It is almost certain that if an announcement of intent had been made followed by a year of detailed work and discussion before a financial bill next session, the resulting scheme would have been very different although the same principles would and could obtain.

The proposed system will withdraw grant progressively as spending increases past a centrally determined point. And past a certain level of higher spending, money can be withdrawn from the initial basic grant as a penalty.

But some authorities with high rateable resources will run into this penalty line before they even reach the Government's own assessment of what they need to spend.

Mr. King at first was incredulous when this was demonstrated to him, long after the Bill had started its Parliamentary process. But civil servants have persuaded him that this feature has to stay; otherwise the whole structure of block grant will collapse.

It will have to be corrected by the use of mathematical "multipliers"—devices to be applied at random to change the actual result of a formula into what a civil servant decides the result more sensibly ought to be.

This is one of the most arbitrary, ill-defined and potentially manipulative items in the Bill's armoury of weapons for Secretaries of State and is part of the basis for local authority claims that the Bill threatens the foundations of local democracy.

There are other examples. They would all have come to light if there had been time to look for them before racing into legislation with a plan which looked good. MPs on the standing committee complained that they had never considered a Bill backed up by so little information.

But half the time Mr. King had not the information either as the committee was further ahead with its principles than the working groups were with the detail. The blind were leading the blind.

The open ended nature of the block grant clauses is no less a problem. They allow for the Secretary of State to decide how much each local authority needs to spend in a year. But the legislation is so drafted that any future Secretary of State could penalise an authority not only for spending too much, but also for spending to little.

The multipliers and system of calculating grant mean that positive or negative discrimination can be exercised in favour of or against any group of authorities.

A group could actually be a single authority and theoretically any basis could be used to define a group—north of the Thames, fewer than 100 days of sunshine a year, not more than two parks named after 19th century monarchs, etc.

It seems ridiculous and there is no suggestion that the present Government intends to operate it this way. But the legislation is full of unspecific and makes assumptions about the intentions of future ministers which do not usually form the basis of legislation.

The third objection concerns the working relationship and attitudes of central Government on an issue of great importance to local government.

Mr. King insisted that he wanted quick progress but in a spirit of consultation with local authorities. More than once he asked them for constructive comments and amendments to improve the plan and build in safeguards against their worst fears on abuse and manipulation. He was offering consultation, seemingly with an element of negotiation.

Dialogue

But consultation is of no benefit if it means only discussion by dictat—if the consultors start and finish on the premise we'll talk, you'll listen, we'll decide. The consulted then become only a sounding board and play no active role. They unwittingly serve only the purposes of the consultors who can be unbending while appearing to be engaged in constructive two-way dialogue.

The Bill will become law in the autumn. The financial provisions will take effect in 1981-1982. They will, in the end, work somehow, because legislation can always be made to work.

How effectively it works and how much patching up and making do will be involved remains to be seen; some civil servants close to the scheme think it is very good while others fear that it has a good chance of being an awful mess and more than one thinks block grant will prove to be a regrettable mistake.

But, in fairness to the Government, nothing could be worse than the present system.

We shall not see the full results for a year or two by which time Mr. Heseltine and Mr. King may be at other departments. They will have left behind a very large piece of legislation full of good intent and ideas, the central feature of which will probably be remembered for a long time as an object lesson in how not to legislate.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● PROCESSING

Produces pure water for industrial use

WHEREVER HIGH purity water is needed for boiler feed, cooling, air conditioning, product washing, process or laboratory use, there is a Hydrofine deioniser to meet the reqnired duty, claims Chiltern Water Treatment Company, Beechwood Hall, Kingsmead Road, Higb Wycombe, Bucks (0494 446622).

Industry spends millions of ponnds each year producing high quality water hy deionisation and the company's system is said to offer considerable advantages over traditional two stage packed deionisers.

Cooveotional systems normally only produce water of a quality equivalent to 15 micro Siemens/cm conductivity, and frequently require the installation of a final mixed polishing plaot to make the water suitable for process use, says the company.

Although the Hydrofine range includes mixed bed polishing units for use where exceptional purity is necessary (say, in the washing of micro electronic compooents) the two stage deionisers produce water of a quality suitable for almost all industrial applications.

Capable of produciog treated water to a quality equivaleot to 2 micro Siemens/cm conductivity, the range ioludes five manual and automatic two bed deionisers with flow rate capacities ranging from 400 to 8,000 litres an bour, and a manual mixed bed deioniser which can be used as a polishing unit.

High efficiency obtained in this two hed range is due to the use of the Chiltern "PSB" counterflow ion exchange technique, says the company. Here, the resin bed is regenerated in the opposite direction to that of the original direction of water flow.

This In turn produces low chemical operating costs and has the benefit of reducing waste water, and giving a neutral effluent during regeneration.

The mixed bed unit uses cation and anion exchange resins mixed together, which are separated prior to regeneration, and remixed afterwards.

This range resulted from using technology obtained by associated company Dewplan (Water Treatment) in satisfying the rigorous demands of steam-raising plant for power stations.

Its development, promises the company, will assist in the production of higher quality water for diverse applications, ranging from workshops to laboratories, with the added honns of reducing hoth capital and operating costs.

DEBORAH PICKERING

● MATERIALS

Keeps soil and seed in place

A HEAVY woven jute mesb for bolding seed and soil In place, particularly on slopes, and preventing erosion is now being offered in 225 ft loog rolls, 4 ft wide, by Ludlow Jute Mills.

The latter is a division of Kanoria Chemicals and Industries, 16A Brabourne Road, Calcutta-700 001, India, aod it is now seeking to widen sales in Europe and elsewhere.

Called Soilsaver, the mesb is a natural vegetable fibre which will act as a mulch and will eventually decompose. Seed can he sown before or after laying it. It is claimed that flowing water, wind or growing grass will not lift the mesh.

The material has to be applied without stretching and must be laid smoothly on the soil surface for best results. It gives a very neat appearance to newly sown areas of ground and should he very useful in areas where erosion is an ever-present prohlem.

Inquiries ahout the material can be directed to Kanoria or via the Indian Economic Mission to EEC, Trade Centre, Chaussee de Charleroi, 148, 1060 Brussels.

● PRINTING

Speeds the production of booklets

TO BE INTRODUCED hy Harris Bindery Systems Division at IPEX (NEC, Birmingham, September 11 to 19) is a new inserter/stitcher/trimmer aimed at medium circulation publication printers and large commercial printers and trade binders.

Known as Pacesetter 750, the unit is rated at 12,000 cycles per hour and in performance and price is positioned hetweeo the Saddlebinder II designed for sbort to medium runs and the reeently Introduced Pacesetter 850 for the high production end.

At Birmingham, the model 750 with a cover folder-feeder will be demonstrated; it will take folded signatures, insert them, caliper, stitcb and then trim oo three sides to produce a finished booklet. In the trimmer, register belts control and convey the books through the face, head and foot trims.

More from Harris Systems, 2K Buckiogham Avenue, Slough, Berkshire SL1 4NA (0753 36464).

● DATA PROCESSING

Accounting for stock movements

UK COMPANIES using weighbridges will be able to increase the efficiency and speed of their accountancy operations and beoefit from easily accessible management information with the introduction of the Board of Trade approved Philips PO 40 alpba numeric printing system.

Available from Philips Industrial Automation at Pye Unicam the PO 40 provides immediate and complete accounts of stock movements including materials entering or leaving a plant, stock situation, cash flow and other accounting requiremeots. In addition, the PO 40 provides a clear, instant print-out of weigh tickets, invoices and stock lists.

The PO 40 is basically an office computer, pre-programmed to suit customers' application requirments, wbich acts on weigbt information received from a digital indicator.

Information for regular customers, which would typically inclnde the truck's net weight, customer name and address, can be stored on floppy discs, mini-cassettes or magnetic cards depeoding upon the company's requirements. This information can be quickly retrieved hy an entry code such as the lorry's registration number which can be input via an operator using the keyboard or by the PO 40 reading the driver's magnetic identification card. When a lorry visits the weighbridge the quantity of material is quickly calculated by the PO 40 and recorded together with details of material type, date, time and sequence of visit. This information will be updated on each subsequent visit.

With the PO 40 companies bave the option of invoicing at the time of eacb visit or being able to invoice regular customers on, say, a monthly basis. Where customers are invoiced at the time of visit, the PO 40 can also be used to double-check taking at the cashbox.

Pye Unicam, York Street, Cambridge, CBI 2PX. 0223 358866.

Raw materials index

A WORLD-WIDE computer-based information system for rapid enquiries of the technical properties of raw materials used in ink and associated chemical manufacturing, has been developed hy CMG Computer Management Group for the Technical Development Department of Coates Brothers.

The Raw Materials Library System was designed and developed hy CMG (West End) in conjunction with Coates data processing department and is run on a recently installed Burroughs B2815 computer at Coates administrative offices at St. Mary Cray, Kent. CMG also assisted Coates with the conversion of work from the previous computer.

Currently, enquiries to the system are heing made daily from Coates locations throughout the world, taking advantage of the fact that the system allows the details of each raw material used—or being considered for use—to he stored on a computer database. The details include hoth commercial factors such as manufacturer, supplier and availability, aod technical factors such as suitahle uses, unsuitahle uses, physical properties, etc.

This datahase of over 5,000 materials is being hnilt up at the present time from tbe testing details filed at the United Kingdom testing lahoratories and also from the overseas laboratories.

When a particular company, within the International Coates Gronp, needs to know, for instance, the alternatives to a particular pigment which may no longer be available, they either telex or access the system via terminals to get rapid response with the necessary details.

The system was originally implemented as a batch system—giving overnight response, hut the database design anticipated a future on-line facility and this has also heen jointly implemented aod is fully operational.

CMG (West End), Telford House, 14, Tothill Street, London, SW1H 3S21. 01-222 3521.

Easy to program

BASICALLY intended to replace relay logic a micro-processor-based programmable controller from IPC-Merten of Wellinghorough, Northants. (0933 77705) has facilities that allow it to he used where normally a computer might be required.

Built up from modules to allow a variety of voltages and signal types to be dealt with, the system, designated IPC300 bas a capacity of up to 2048 inputs and outputs. These can be AC or DC at seven voltage levels, BCD, analogue, clock and connter.

The system is programmed using staodard ladder symbols hy a separate terminal with video display sbowing lines of logic. The state of any ioput or ontput within the program is sbown and a particular contact or output coil is intensified on the screen wben it is operating; this happens in real time so that intermittent closures will show up.

Programs can be recorded on to cassettes usiog the 365 cassette recorder, so that reloading takes only a few minutes. Connection of the VDU unit to a printer allows bard copy of the program in the CPU to be produced.

● PACKAGING

Spots the missing bottle

EVEN ON the best bottle filling prodnction lines crates can leave the plant with one of the hottles missing. Up to now, claims Cole Equipment of Croydon, apart from the reliability of the driver, there has been no way to be absolntely certain that crates wbich were not completely filled when delivered to the customer were full when passed to the driver.

This company is now offering a system made by Leuze in West Germany which will make a 100 per cent check on each crate and so engender confidence hetween the bottle filler and the delivery driver.

Known as Optronic 10, the equipment makes use of a bridge over the line on which photocells can be fixed to look at the rows of bottle caps as they pass underneath in the crates. The rows and columns of bottles can have any configuration: the cells are set accordingly and thumbwheel switches are adjusted on the electronics unit to suit the matrix of the crate.

Since the system is nniversally adjustable, crates can be arranged to run through lengthwise or widthwise, and they can he any shape and contain any number of bottles, the size of which is immaterial. The system is run hy a microprocessor and can cope with all variations.

If the system does not detect the correct number of bottles, an alarm can be sounded or a relay actuated to stop the line or divert the crate or take some other action.

Cole Equipment, Church Road, Croydoo CR0 1SG (01-686 7581).

● LIGHTING

Easier to put on a good show

TOURING THEATRE groups, rock bands, discos, trade shows, etc., can dispense with an operator clambering about overhead to control lighting effects since the launch of Ligbt Scan, described by its designer, Charlie Paton, as a kinetic light curtain.

Backed by the National Research Development Corporatioo, the system has been designed to give maximum stunning effects with a minimum of lanterns and to be controlled by a "joystick" from its microprocessor control.

Although most types of lantern can be used in any configuration—bar, ladder, boom, circle, etc.,—PAR cans bave been specially designed for this application, says maker Light Works, 2a Greenwood Road, London E8 (01-249 3627).

The system is said to combine the efficiency of the latest low voltage sealed beam lamp technology with the ruggedness of traditional precision motorcycle engineering.

Servo-motors control the pan and tilt of up to 20 lanterns and are designed for continuous operation in hazardous environments. They are capable of variable speeds, braking, forward and reverse, are quiet running and do not generate interference.

Microprocessor control eliminates the need for costly multicore cables and provides a positive, accurate response through the joystick or via the numerical pre-sets.

Infinitely variable moving patterns, as well as specific pre-set positions, can be achieved, and the system is compact, much easier to transport than other conventional lighting methods, and has a special benefit of heing speedy to set up.

● ACOUSTICS

Attenuates loud echoes

FOAM ENGINEERS has completed work on an order for acoustic attenuation equipment in a new North Wales leisure centre.

The order took the form of 20 giant 14-sided polyhedrons of acoustic qnality flexihle foam, and finished in 10 shades of brightly-coloured pure wool fabric. The quadro-decahedrons will he suspended over botb swimming pools in the £4m Rhyl Leisure Centre, and will cut down the incidence of reflected noise.

This contract follows one involving 20 foam spberes, installed over the swimming pool at South Shields Leisure Centre. At South Shields, as in the new Rhyl project, the architects were Gillinson Barnett and Partners of Leeds.

Foam Engineers, based at High Wycombe, are specialists in engineered components manufactured from both flexible and rigid foam, for all industrial applications.

The Rhyl contract demanded expertise in the marriage of flexible and rigid foam with a wide variety of materials, including metal, wood and plastic, to produce completely engineered products.

Foam Engineers, Dashwood Avenue, High Wycombe, Bucks. 0494 20711.

● INSTRUMENTS

Digital thermometers

ROBUST DIGITAL thermometers and alarm thermometers for panel meunting in standard DIN cut-outs are now available from Compact Instruments, Park Road, Barnet, Hertfordshire EN5 5SA (01-440 6663).

Suitable for a variety of applications the Series 7000 covers a temperature measurement range of −220 to +1750 deg. C. Feur of the models employ thermocouples, including two high temperature types, and all have a resolntion of ±1 deg. C. There are also two platinum resistance models for laboratory use and one of these, the 7100, has a resolution of 0.1 deg. C.

The panel bouses only an LED display with a non-glare filter; visibility extends to 40 feet. Operation consists merely of placing the probe in contact with the medium.

Options include an analogue recorder output which is taken from two terminals at the rear, and an alarm provision with two independent settings, each baving its own output facility. On the thermocouple models a multipoint selector can be provided allowing several probes to be used at the same time.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Levi moves into top gear in its war with Wrangler

The world's biggest jeans maker is diversifying into tops while its rival sticks to bottoms. Rhys David reports

WITH A dogged persistence that would do credit to the bejeaned hero of any Western, Wrangler has tailed Levi Strauss for a good 20 years. The hunter has failed to catch its prey, but since the business has now become plenty big enough for both parties, there ought to be a good chance for them to co-exist in reasonable comfort, and concentrate their fire on the many smaller fry which have invaded their international domain. Yet they continue to track each other's every move and plot contrasting strategies for victory over the other.

Over the past two decades, the jeans business has undergone an explosive transformation, from a source of tough, cheap clothing for cowboys, blue-collar workers and penniless youth, into a fashion-conscious market for a widening mass of people of almost all ages. In 1960 Levi Strauss turned in sales of over $48m. Last year it broke through the $2bn barrier for the first time, while Blue Bell—the makers of Wrangler jeans—responded by reaching its own $1bn milestone.

A substantial part of this growth has been overseas. Both companies are now significant manufacturers of clothing in Europe and other affluent markets.

Levi has 31 manufacturing plants overseas contributing, together with bought-in merchandise, around 35 per cent of total group sales. For Blue Bell the comparable figure is 27 international locations with overseas sales accounting for 39 per cent of the total.

The two are closely followed by a third industry giant, VF Corporation which makes Lee jeans. Together the three have more than half the U.S. market. Behind them come two department store brands, Sears and J. C. Penney, a host of smaller manufacturers, and high priced designer label jeans bearing names such as Calvin Klein, Bill Blass, Gloria Vanderbilt and Pierre Cardin.

With vast financial resources at its disposal as a result of so many years of highly profitable growth, Levi has been branching out and is now threatening, if not to shake off its rival, at least to make it run even harder in pursuit. The other possibility, or so some observers suggest, is that Levi could be in danger of wandering off—not for the first time—towards dangerous swamps. If so it can be certain that when it makes its escape its challenger will have closed the gap.

The new direction Levi has taken is into the manufacture of a wide range of other clothing products. Most of the big jeans makers already offer various other garments carrying their brand name but generally these have tended to be products bought in from licensees and closely linked to jeans. Over the next five years, however, Levi is proposing to devote a significant part of its advertising and capital expenditure on its non-jeans clothing operations. Some $400m will be spent on 40 new factories to make sweaters, blazers and a variety of other new lines.

Fitness

The company spent some $70m last year on the acquisition of a California-based manufacturer of women's wear, Koracorp, and in response to a three-year study it also decided to go for a much bigger share of the highly fragmented active sportswear market. A new division, Activewear, has already been set up to create the ski-wear, track suits, tennis and running gear now being sought by fitness-conscious Americans. (Levi won the contract to supply U.S. athletes at the Olympics, and was planning to capitalise on this with heavy television advertising for its sportswear during the Games. Instead it has been left to contemplate how events in far away countries can mess up the best marketing ideas.)

The reasoning behind Levi's moves into non-jeans clothing—already 40 per cent of the company's sales in the U.S.—has been the old fear that the jeans fashion must finally come to an end, even though it has shown no signs of doing so for the past 15 years at least.

Apart from possible changes in consumer tastes, population trends are no longer so favourable for the jeans makers. The growth in sales in the 1970s owed a lot to the baby boom of the late 1940s and early 1950s but there are now fewer young adults. Moreover, in many of the big markets within the U.S. Levi and Wrangler are now nearing saturation. Other markets, particularly in Europe, are being exploited but purchases—one per person per year in Europe—are low compared with the U.S. average of 2.5.

For similar reasons Blue Bell, too, has been diversifying but the group is adopting a more cautious approach than its big rival. It is no coincidence, claims Blue Bell's president, Kimsey Mann, that the most successful U.S. apparel companies specialise in making "bottoms"—jeans, trousers and slacks—and that the "tops" sector—shirts, blouses, jackets and knitwear—are characterised by heavy import penetration, fragmentation, and lack of any strong brand names.

Wrangler and Levi Strauss: is the gap closing?

The difference, according to Wrangler, arises because in shirts and blouses and other tops there is greater variation in style and a much higher labour content, with consequent benefit to low wage producers.

Compared with jeans, tops are generally also light in weight and so can be cheaply shipped from the Far East. "This makes that part of the business a little tougher. In tops the necessary scale of production we would want to achieve may already have been lost in the U.S. because of imports," Mann argues.

In jeans the advantages lie almost entirely with the big U.S. groups. Long production runs, close links with equally large denim suppliers, resources to support heavy capital expenditure and the continuing fascination for the American West have all helped the industry to win a big share of world markets and resist inroads by imports.

The dangers of tackling new segments of the apparel business are of course no less apparent to Levi, which can also draw on the experience gained during an earlier push towards diversification. A move into womenswear in Europe and the U.S. in the mid-1970s proved a disappointing failure and ended in most of the product lines being dropped.

At present a decidedly new approach is being adopted, however. Instead of attacking the non-jeans apparel market across a broad front, Levi has identified certain segments where growth prospects look good. Thus in women's wear the group has set up five specialised marketing units each covering a specialised area such as, for example, larger sizes. Levi has also had a major success with a new product, the unattractively named Bend Over women's slacks made from stretch gabardine and now the market leader in the U.S. Another stretch product for men, Levi's Action Slacks, has also been highly successful as too has a range for teenage girls.

Oddly enough for a challenger, Blue Bell is an altogether more conservative outfit. While Levi has recently moved into attractive new headquarters on San Francisco's waterfront, Blue Bell operates from a modest HQ — surmounted predictably enough by a large illuminated bell — in a suburb of Greensboro in North Carolina. Founded by the merger between an overalls and a dungaree producer, the company is completely non-union, again in contrast with Levi, which has more than 60 per cent of its labour force covered by recognised unions—a very high proportion for the U.S. clothing industry.

Another indication of Blue Bell's conservatism is its decision to opt entirely out of federal contracts. Companies making for the U.S. Government have to accept certain federal controls, for example on the hiring of minorities. "We wanted to avoid that because if you cannot meet the stipulation you sometimes have to hire people you do not want to hire," one company executive says.

It is perhaps not surprising therefore that, in dealing with the question of what a successful jeans company should do next, Blue Bell has decided not to stray far from the business it knows best. Through its Red Kap and Big Ben subsidiaries the company has a major stake in the steady if unexciting workwear business—a reminder of the origin of jeans as the garments worn by America's cowboys on the cattle ranches of the West.

Blue Bell has also developed a number of new jeans brands to give it a wider coverage of the various sectors of the market, and to counter the near-saturation which the Wrangler brand has achieved. Its Sedgefield jeans are priced to offer strong competition to the designer labels, while a new brand, Rustler, has been introduced for high volume, low price jeans outlets.

There have also been acquisitions—in Australia where Blue Bell has moved up to become the biggest jeans manufacturer through its purchase of Amco, and in the U.S. The group swooped into Oregon last year to pick up Jantzen, the swim and sportswear producers, in a move which it likes to think may have startled Levi. "It was out of character for us and gives us a much better foothold in their territory on the West Coast," a Blue Bell executive confided.

Sophisticated

Apart from the bonus of unsettling Levi the more straightforward reasoning behind the purchase is the opening which Jantzen offers into more sophisticated merchandise and higher spending consumers, and its strong brand name which could even find its way on to jeans in some markets. Jantzen also has an extensive network of licensing arrangements outside the U.S which could be useful to Blue Bell, and expertise in a different area of technology, knitting.

Bluebell also markets a whole range of non-jeans items for men, women and boys and like Levi has been going for clearly defined market segments. But the company is much more cautious than Levi about becoming involved in the manufacture as well as the marketing of these items, preferring to buy many of them in. The philosophy has been to develop co-ordinated ranges—tops that will go with Wrangler bottoms—rather than branch out into distinct clothing lines. "We see an opportunity to expand in tops, but mainly where the consumer sees the fashion need to co-ordinate," Mann argues.

Thus while Levi buys its way into a bigger position as a manufacturer of clothing generally, Blue Bell's investment, according to Mann, will continue to be placed in areas where it is making money—and that means jeans and jeans-related products, for all ages. "We will be guided by what the consumer's taste indicates, and we will invest behind that," he argues. This also means investing in the very expensive machines employing computer-controlled pattern preparation and fabric cutting, which are now available to the garment industry.

The next few years will show which approach is right, or perhaps simply that each company has chosen the most appropriate path for its own development. Levi would seem to have adopted the higher risk strategy and so far it would seem to be working. But the company still has to show that, over the long term, it can generate the same earnings in other clothing products as in jeans. Gross profit margins in each of the past three years have been around 36-38 per cent, largely as a result of continued strong demand for jeans.

In non-jeans the problems it will have to encounter include the much more fickle nature of fashion, particularly in women's wear. Imports, too, are a much bigger factor, and Levi will have to show considerable skill in balancing what it makes at its own factories with products available at low cost from an increasing array of international sources. If it can do so it will have earned itself much more than the title of the world's biggest jeans maker.

BOOK REVIEWS

BY CHRISTINE MOIR

The real power of small investors

THE SMALL shareholder is being wooed back to the stock market. Brokers are seeking his business; small but significant tax concessions have been made by Government and more could be on the horizon. But still the numbers decline. On one count small shareholders now hold only 30 per cent of British equities. Institutions own the remainder.

Although the economic climate and the tax structure are the most popular explanations for the declining interest of individuals in the market another major inhibition is the sheer expertise they face from the institutions; the knowledge of securities they command, and the speed with which they can act.

Few individuals can ever hope to match the institutions on this ground but they can acquire more knowledge and with it more understanding of the power they do have to control the fortunes of their shareholdings.

The single most important move is written in large type in a useful pocket book recently published by Barbara Conway, a columnist for the Daily Telegraph — ASK, DAMN YOU, ASK!

Ms Conway's book, Investor Power, steers small shareholders through the intricacies of different classes of shares and loan stock, rights issues, prospectuses and company accounts. It provides useful contacts who can be approached if things go wrong — or look as if they might be. It deals helpfully, if a little superficially, with the main outlines of reading balance sheets and notes to accounts. (A major omission is the lack of guidance on reading the new current cost accounting reports which are now mandatory).

Most of all, however, it exhorts shareholders to employ their rights: to ask questions and to turn up at annual meetings as the owners of the companies.

The style is irreverent and sometimes annoyingly breezy, occasionally to the point of silliness. In her attempt to remind shareholders to stand on their own feet, for instance, she says "when it comes to the crunch the auditors' and banks' endorsement of a prospectus forecast are of very limited value."

Nevertheless, the book itself has real value as an introduction for new investors.

Another booklet, intended for the professional but worth reading by any investor, is the Institute of Chartered Accountants' pamphlet on acquisition and mergers.

Workmanlike and succinct, it outlines all the moves in a takeover from identifying the need for expansion by acquisition to the fine detail which needs to be cleared by the Stock Exchange and Takeover Panel.

It even manages to touch on the human factor in negotiations and afterwards, when relaxation from the strains of the merger itself can lead to sloppy management of the vital stages of integration.

Though not a treatise for the shareholder on understanding the often convoluted rigmarole of offer documents and counter documents, it provides a good basic background against which to evaluate bids and the risk of over-paying or under-preparing.

Investor Power by Barbara Conway. Flame Books, 9, Kensington Park Gardens, London, W11. £1.35.

Acquisitions and Mergers by J. G. Williams. Institute of Chartered Accountants in England and Wales, Chartered Accountants Hall, Moorgate Place, London EC2. £2.95.

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley HA9 8DJ.

The Multinational Firm and Host Arab Society. R. A. Ajami in Management International Review (Fed. Rep. of Germany), No. 1/80: p. 16 (13 pages, tables).

Assesses the attitudes of the elite social classes in Arab countries towards foreign multinationals; finds that economic factors influence the relationship more significantly than political ones, and that there is little evidence of hostility or conflict of interest—despite occasional contraditory public utterances.

Small Business Cash Management practices. P. L. Cooley + R. J. Pullen in American Journal of Small Business (U.S.), Oct. 79: p. 1 (11 pages, tables).

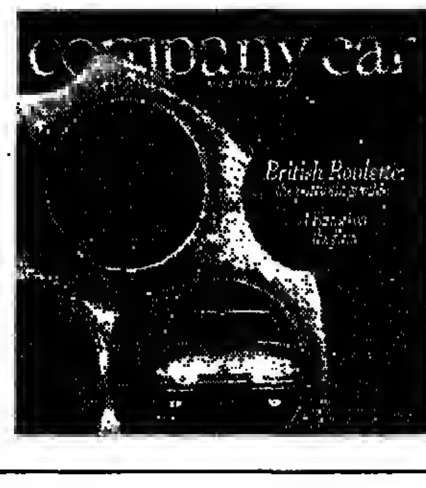
Identifies cash forecasting, investment of temporary cash surpluses, and control of cash inflows and outflows as the principal components of cash management; surveys how it is practised in a sample of small businesses, and points out that profits could be increased and liquidity improved if quite simple changes were implemented.

The Management of Innovation in Japan. A. Gerstenfeld + others in Research Management (U.S.). Jan. 80: p. 30 (9 pages, table).

Picks out the well-known differences between U.S. and Japanese industry regarding attitudes towards risk and innovation; illustrates the claimed Japanese superiority in these matters with reference to Konica's development of an automatic focusing camera. Identifies factors pertaining to Japanese success, such as a sense of urgency, a pre-occupation with quality, opportunitism; and group thinking.

Currency Risk: the Disappearing Profits Trick. J. Reiss in Accountancy (UK), Mar. 80: p. 105 (2 pages, tables).

Explores the nature of foreign currency exposure in terms of cash rather than of balance sheet accounting; outlines exposure management techniques—the use of the forward exchange market, currency borrowing, leading and lagging of payments, and netting of funds.



LOMBARD

Curbing empire builders

BY GEOFFREY OWEN

THE RECENT statement on mergers policy from Mr. John Nott, Secretary of State for Trade, was helpful and constructive, especially in reaffirming the importance of competition as the proper basis for applying merger control. If the effect of the statement is that more mergers which reduce competition are referred to the Monopolies Commission and more of them are turned down, this will be all to the good. But on the troublesome issue of conglomerate mergers the statement was less satisfactory.

Colossi

Conglomerate mergers occur between firms operating in different lines of business: the Vickers/Rolls-Royce Motors deal falls into this category. Although they do not have a direct effect on competition, they increase aggregate concentration in the economy. As Mr. Nott pointed out in his statement, aggregate concentration in the UK is high compared to other industrial countries. "In particular," he said, "we have more large firms with a diversified, conglomerate product range." It is not obvious, to say the least, that the emergence of these colossi has been good for Britain's industrial performance.

The problem which has been exercising antitrust authorities around the world, especially the U.S. is how to establish a sound economic and legal basis for curbing the growth of very large diversified companies. In the U.S. it has proved difficult to challenge mergers of this kind, because the antitrust laws are concerned specifically with competition. In the UK the legislation is framed more broadly, enabling the Monopolies Commission to take into account other possible detriments to the public interest besides a lessening of competition.

Thus the Commission ruled against the Rank bid for De La Rue because it thought that most of the De La Rue management would resign and the performance of the company would suffer. But predicting the impact of mergers on efficiency, which is what the Monopolies Commission has had to do in these cases, is notoriously tricky; its hopes about the British Match/Wilkinson Sword merger, for example, were soon falsified by events. In any case the vague public interest criteria set out in Section 84 of the Fair Trading Act have always seemed a rather fragile weapon with which to slow down the increase in aggregate concentration.

That is why the Liesner Committee, set up under the Labour Government, suggested that Section 84 should be amended to take into account "the desirability of minimising the detriments of reduced competition and *increased concentration*."

Now Mr. Nott is in sympathy with the general tenor of the Liesner report, though not with its specific proposals. He is unhappy about the trend towards increased concentration and he wants to guard against "the needless accumulation of ever larger and more unwieldy concentrations of power and control."

His reluctance to legislate no doubt stems from the extreme difficulty of laying down general rules about conglomerate mergers. Some of them have a salutary effect on the acquired company, others do not. So there is no alternative, according to Mr. Nott, to a case-by-case examination to see whether a particular conglomerate merger raises issue (for example, "the possibility of the imposition of inappropriate or bureaucratic management styles") which would justify an objective appraisal by the Monopolies Commission.

Benefits

Members of the Commission will take note of the Minister's remarks, but they have to apply the law as it stands—and the law makes no reference to aggregate concentration. If the Government really wants to restrict the growth of diversified giants, wouldn't it be better to grasp the nettle and amend the legislation as Liesner recommended? This would not absolve the Commission from making some difficult judgments, but at least it would have a second clear criterion, along with the maintenance of competition, against which to test the industrial and economic benefits claimed by the acquiring company.

A new tonic for the stricken cinema

WHEN THE president of MGM, Mr. Frank Rosenfelt, was quoted last week as saying "the film business has never been healthier," he might have made clear that the cinema business—which exhibits the products made by the film industry—is not quite the same patient. Cinema is generally in a slow decline, with shrinking audiences and sustained only by rising ticket prices which manage sometimes, but not always, to keep revenue up with inflation. Attendances in France, the U.S., the UK and other countries have all suffered falls over the last 18 months—and in a recent survey BLA Management Services of London predicted a halving of audiences by 1984.

Flexibility

The traditional palliative of the cinema industry is to reduce the size of auditoria by "twinning" and "tripling"—that is, where there was one large cinema, convert it into two or three smaller ones. This allows greater flexibility in programming, so that for example a film-run which cannot be sustained in a 1,000 seater cinema can be transferred to a smaller auditorium in the same complex and still go on bringing in revenue.

The idea works and has been of crucial importance in the survival of the cinema. Three mini-cinemas can be run by the same staff as one big auditorium, normally utilising a common projection box.

An idea now catching on in Britain (curiously ahead of the US) is the video theatre, which extends even further this maximisation of space and resources. Ther are currently 10 video theatres in the UK, all projecting their films via television projectors fed by videotape recorders. The improvement in the quality of video or TV projectors in recent years has encouraged this idea, which was first attempted in Canada in 1974 by Transcontinental Video Corporation.

The attractions of video theatres are quite significant to the cinema-owner. The capital cost of the equipment may be only half that of a conventional 35 mm film installation. It is more compact, not requiring the traditional projection box, so that the new auditoria can be squeezed into spaces not suitable for a film cinema. The video equipment is also easier to operate by unskilled staff (and trained cinema projectionists are a dying breed). But the most important factor of all in the long term is that the cost of videotapes—and later video discs—is dramatically less than 35 mm prints; likewise their cost in distribution and physical maintenance. It is even conceivable that distribution of feature films could be handled completely from a central office by electronics means via cable or microwave links.

It all sounds like a cinema-owner's dream. But there are, of course, snags; there always are. For all the improving quality of video projection, in the parlance of lighting engineers it can't hold a candle to film projection: screen brightness in video theatres is greatly reduced. And according to a recent report by the film-TV trades union, the ACTT, screen brightness at EMI's video theatre at Basildon was well below the recommended standard for 35 mm—even below the less demanding standard for 16 mm projection. Definition is also much inferior, as is inevitable in a TV system. The range of brightnesses (i.e., from shadows to highlights) which a video projection system can faithfully reproduce is also greatly reduced compared to film.

Film experts are not generally reticent in hurling these facts at those who dare to support the concept of the video cinema—and with some justification. But regrettably the public is not that discriminating, and complaints about projection quality are few according to both EMI and an independent cinema, the Dominion in Edinburgh—whose projectionist I spoke to by telephone while he still ran the shows in two film and one video auditoria.

What is more important, perhaps, is that the quality of video projection can now only improve. First, the projectors are getting better. EMI has been using Advent projectors but is experimenting with a new generation projector from Sony. The Dominion in Edinburgh uses an American IMI projector, which yields extraordinary bright pictures on screens up to 20 ft wide. Brent Walker is using the British-assembled Telejector, a simpler piece of equipment costing little more than £1,000 in its basic configuration.

Another problem that may be diminished in the future is one identified in the ACTT report—resolution, or the ability of the system to reproduce fine details. In existing video theatres this is, according to the ACTT, limited more by the videotape playback equipment than the projector. This situation should improve when optical video discs are used, operating to a bandwidth of over 5 megaHerz—*viz.* to broadcast standard.

EMI and Sony recently held a demonstration for the Press at the Woking video theatre, which is a new auditorium squeezed into the space left by a disused restaurant. Although the quality is poor by the standards of the film purist, I have seen worse at many 16 mm film cinemas. I have little doubt that video theatres are here to stay in one form or another.

This may mean the appearance of video theatres in unexpected places, such as within restaurant complexes. Their compactness, low capital cost and simplicity in operation suddenly changes all the traditional cocepts of "the cinema." The Dominion in Edinburgh seats only 47 people, but in greater luxury than the film auditoria and with a slightly *higher* admission charge.

Brent Walker has two video theatres in South Shields and a third in its London, Oxford Street shopping complex—the Oxford Walk. This third auditorium is exclusively devoted to cartoons so that parents can leave the children there while shopping. Attached to the front is a soft drink and snack bar—a clue to the way in which video theatres will become more closely integrated into other customer facilities.

What is happening, of course, is a diffusion of the boundaries which traditionally existed between the cinema, television, home entertainment and maybe even the theatre. Ironically, video theatres in the next three to four years may be screening the same video discs which a patron will be able to buy for use at home (never a possibility with 35 mm film).

Hard core

The social experience of going to the video theatre, especially if it is part of a restaurant or club, may assure a hard core of loyal support—particularly as the economics of the operation will permit highly selective programming (even operas and ballets). It is even conceivable that the same video discs could be on sale at the box office after the show. For the cinema, the individual viewer rather than the mass audience could become important again—full circle to the Kinetoscope, the coin-operated viewing booth where it all started.

FILM AND VIDEO

BY JOHN CHITTOCK

Vaigly Great ready for booster

RACING

BY DOMINIC WIGAN

UNLESS Vaigly Great has deteriorated out of all recognition over the past couple of weeks, this afternoon's South Coast Stakes can be his for the taking.

The condition of the Brighton sprint could almost have been framed with a confident booster for Vaigly Great expressively in mind. The five furlong event is confined to three-year-olds and upwards which have not won a race since 1979.

Michael Stoute's five-year-old, who has remained among the best home-trained sprinters since he defeated Formidable at Goodwood three years ago, ran second to Moorstyle in the £33,000 William Hill July Cup at Newmarket last time out. The latter failed by only inches to hold Boitron on 13 lbs worse than weight for age terms in Sunday's Prix Maurice de Gheest so there is no doubt that July Cup form will bear the closest scrutiny.

Earlier in the afternoon, Vaigly Great's pilot, Greville Starkey, who is likely to look for a lead on that sprinter for most of the way, can score with both Hollow Laughter and Emma Chizzet. The first-named, a bay colt by Wolver Hollow out of the Le Levanstell mare, La Lola, still looked on the backward side with a half-length success over Shangarry at 10-1 in the 15-runner Woodingdean Stakes.

Although his time was unexceptional, Hollow Laughter not help himself through running off a true line.

Further north, another valuable two-year-old event has cut up badly at the final declaration stage. Only four, Age Of Reason, Sula Bula, Engulf and Sausolito, contest the £6,000-added Heronslea Stakes at Ayr. Course and distance winner, Engulf, is the one they have to beat.

AYR
2.15—Ring Moylan
2.45—Roan Song
3.15—Noble Dudley
3.45—Engulf***
4.15—Geoffrey's Sister
4.45—Fairness

BRIGHTON
2.00—Eastern Air
2.30—Chad's Gamble
3.00—Hollow Laughter
3.30—Emma Chizzet*
4.00—Consortium
4.30—Vaigly Great**

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (ultra high frequency only). 9.50 Noah and Nelly in Skylark. 9.55 Jackanory. †10.10 The Boy from 5B. 10.35 Why Don't You? 1.30 pm Trumpton. 1.45 News. 2.30 Eisteddfod Dyffryn Lliw: The National Eisteddfod in Dyffryn Lliw (crowning of the winning bard). 3.40 Decrau Canu. 4.13 Regional News for England (except London). 4.15 Play School (as on BBC-2 at 11.00 am). 4.40 Battle of the Planets. 5.00 John Craven's Newsround. 5.10 Ask Aspel. 5.35 Fred Basset.

5.40 News.
5.55 Nationwide (London and South East only).
6.25 Dr. Who.
6.50 Elvis! "The Trouble With Girls." starring Elvis Presley.
8.30 Potter.
9.00 News.
9.25 I Have Seen Yesterday.
10.15 Play For Today.
11.35 News Headlines; Regional News.

All Regions as BBC-1 except as follows:

BBC Cymru / Wales—1.30-1.45 pm Heads and Tails. 5.10-5.40 Yr Awr Fach. 5.55 Wales Today. 6.20 Newyddion. 6.25-6.55 Taxi. 9.25-10.15 Eisteddfod Dyffryn Lliw Pigion y Dydd. 11.35 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.25 Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.25 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.25 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-east (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 Open University.
6.55 Dallas.
7.45 Mid-evening News including subtitles.
7.55 Montaillou.
8.35 My Music.
9.00 The Six Wives of Henry VIII.
10.30 Gilbert White Lived Here: David Attenborough in Selborne.
10.45 Newsnight.

BBC-2 Wales Only—2.30-4.30 pm Eisteddfod Dyffryn Lliw: Yn Fyw o'r Maes.

LONDON

9.30 am Afloat. 10.00 A Big Country. 10.25 World Famous Fairy Tales. 10.40 Young Ramsay. 11.30 Bailey's Bird. 11.55 The Animates. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 General Hospital. 3.45 Tell Me Another. 4.15 Under The Same Sun. 4.45 Extraordinary. 5.15 A Sharp Intake of Breath.

5.45 News.
6.00 Thames News.
6.40 Crossroads.
7.05 "Genesis II." starring Alex Cord.
8.30 Robin's Nest.
9.00 ITV Playhouse.
10.00 News.
10.30 Why England?—documentary written and presented by James Cameron.
11.30 The New Avengers.
12.25 Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London, except at the following times:

ANGLIA

10.00 am Tuesday Morning Film: "Ivanhoe," starring Robert Taylor, Elizabeth Taylor and Joan Fontaine. 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 2.00 Houseparty. 2.25 Chopper Squad. 3.20 Doctor Down Under. 5.15 Happy Days. 6.00 About Anglia. 7.00 TV Movie: "Checkpoint." 11.30 Rush. 12.30 am East Anglian Pilgrimage.

ATV

10.00 am The Story of Wine. 10.25 The Space Movie: "Journey to the Far Side of the Sun" starring Ian Hendry. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 5.15 Struck by Lightning. 6.00 ATV Today. 7.00 The Tuesday Movie: "Carry on Camping." 11.30 ATV Newsdesk. 11.35 Star Parade featuring the James Last Orchestra.

BORDER

10.00 am Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 11.55 Cartoon Time. 12.30 pm The Sullivans. 1.20 Border News. 5.15 The Lost Islands. 6.00 Lookaround Tuesday. 7.00 Tuesday Cinema: "Destination Inner Space." 11.30 Dan August. 12.25 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.15 Doctor Down Under. 6.00 Channel News. 6.10 Look Who's Talking (Dano). 7.00 A Cathedral for Cornwall. 7.30 Curtain Raiser. 7.40 TV Movie: "Night Terror". 10.28 Channel Late News. 11.30 KAZ. 12.25 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 10.00 Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Tarzan. 12.30 pm Against the Wind. 1.20 North News. 5.15 Alright Now. 6.00 North News, Farming News and Area Weather Forecast. 6.15 Fanglace. 7.00 The Tuesday Comedy: "For The Love of Ada" starring Irene Handl and Wilfred Pickles. 11.30 Reflections. 11.35 Streets of San Francisco. 12.30 am North headlines.

GRANADA

10.00 am Heritage. 10.45 Cartoon Time. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 5.15 Happy Days. 6.00 Granada Reports News. 6.05 Time Off. 6.30 This is Your Right. 6.35 Take My Wife. 7.05 The Tuesday Premiere: Beau Bridges in "The Stranger Who Looks Like Me." 11.30 Fireside Theatre.

HTV

10.00 am Tuesday Morning Movie: "Julius Caesar" starring John Gielgud. 12.30 pm Against the Wind. 1.20 Report West Headlines. 2.25 Daily Beauty. 5.15 Cartoon. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 7.00 Fantasy Island. 10.28 HTV News. 11.30 What's On Next.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.00 am Animated Classics. 11.00 Eisteddfod Genedlaethol 1980. 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 2.25-3.45 The Royal National Eisteddfod of Wales. 4.15-4.45 Sbardun. 6.00 Y Dydd yn y Brilwyl. 6.15 Report Wales. 6.30-7.00 Eisteddfod Genedlaethol 1980. 11.30-12.00 World In Action.

SCOTTISH

10.00 am No Fence for Barons. 10.25 The Lost Islands. 10.50 Cooking with Tovey. 11.05 Young Ramsay. 11.55 The Bubbles. 12.30 pm Against the Wind. 1.20 News Headlines and Road and Weather Report. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today News and High Summer Extra. 6.30 The Steve Jones Programme. 7.00 Survival. 7.30 240 Robert. 11.30 Late Call. 11.35 Barney Miller.

SOUTHERN

9.30 am Human Face of China. 10.00 "Girls of the Road" 11.30 Lost Islands. 12.30 pm Against the Wind. 1.20 Southern News. 2.25 "Adventures of the Queen" starring Robert Stack. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day 7.00 "Carry on Camping" starring Sid James. 11.30 Enterprise.

TYNE TEES

9.20 am The Good Word followed by North East News 10.00 George Hamilton IV. †10.20 Morning Movie—"Passage Home" starring Anthony Steel and Diane Cilento. 1.20 pm North East News and Lookaround 5.15 The Electric Theatre Show 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Happy Days. 7.30 Charlie's Angels. 10.30 North East News. 11.30 Kate Loves a Mystery. 12.30 am Coming to Terms.

ULSTER

10.00 am Treasures in Store. 10.25 Red Gauntlet. 10.50 Cooking with Tovey. 11.05 Chopper Squad. 1.20 pm Lunchtime 4.13 Ulster News Headlines 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The White Line. 6.30 Bygones. 7.00 Tuesday Movie—"The Mouse that Roared" starring Peter Sellers. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

10.00 am Survival. 10.25 Red Gauntlet. 10.50 Sesame Street. 11.50 Cartoontime. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 4.12 Gus Honeybun's Birthdays. 5.15 Doctor Down Under. 6.00 Westward Diary 7.00 A Cathedral for Cornwall. 7.30 Curtain Raiser. 7.40 TV Movie: "Night Terror." 10.31 Westward Late News. 11.30 KAZ. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.00 am Arctic Doctor. 10.25 Comic Stories. 10.30 "Ali Baba and the 40 Thieves," starring Jon Hall and Maria Montez. 11.55 The Bubbles. 12.30 pm The Mary Tyler Moore Show. 1.20 Calendar News. 3.45 Calendar Tuesday 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Cartoon Time 7.05 "The Girl Who Came Gift-wrapped." starring Karen Valentine. 11.30 Guitar.

RADIO 1

(S) Stereophonic broadcast.

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.00 Personal Call. 8.00 Stuart Colman. 8.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 6.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Hooray for Hollywood. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Windsor Davies presents . . . The Multi-National Eisteddfod Show. 10.30 Those Magical Movie Musicals: "Goodbye Mr. Chips" starring Peter O'Toole, Petula Clark, Michael Redgrave. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

† 6.55 am Weather 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News 9.05 This Week's Composer: Schubert (S). 10.05 Hans Gal (S) (Recital of his chamber music and interval interview with Hans Gal). 11.25 Janacek (S). 12.10 pm BBC Welsh Symphony Orchestra concert Part 1 (S) 1.00 News. 1.05 Six Continents. 1.25 Concert Part 2 (S). 2.10 Image of Debussy (S). 2.55 BBC Symphony Orchestra (S). 4.25 Jazz Today Records (S). 4.55 News. 5.00 Mainly for Pleasure (S) (and mono only from 6.20). 7.00 "Time Will be a Gentleman". 7.30 Concert Part 1 (S). 8.00 What Books I Please with P. J. Kavanagh. 8.20 Concert (S), part 2. 8.55 Birdy. 9.15 Concert part (3) (S). 9.50 The Traveller (S). 10.30 All Together Now. 11.00 News. 11.05-11.15 Obrecht (S).

VHF Only—6.00-7.00 am and 5.20-7.00 pm Open University, and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the day. 7.00, 8.00 Today's News, 7.30, 8.30 News headlines, 7.45 Thought for the day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now 10.30 Daily Service (d). 10.45 Story Time. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way visits Blackpool. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 A Dance to the Music of Time (s). 4.10 Three Women Gardeners (3) 4.40 Announcements. 4.45 Short Story 5.00 PM News magazine. 5.50 Shipping Forecast. 5.55 Weather programme news 6.00 News 6.30 Detective. 7.00 News 7.05 The Archers. 7.20 An Unwarrantable Intrusion: an investigation into the growing number of government inspectors—is it time for a Bill of Rights to protect the individual? 8.05 On the train to New Zealand. 8.20 Odyssey. 8.05 Can we make jobs? 9.30 Kaleidoscope. 9.59 Weather 10.00 The World Tonight. 10.30 Origins (4). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.0 am As Radio 2. 6.30 Rush Hour 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight—Richard Robbins. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Tom Jefferies. 4.00 After Eight Special. 5.00 Morning Music.

Capital Radio

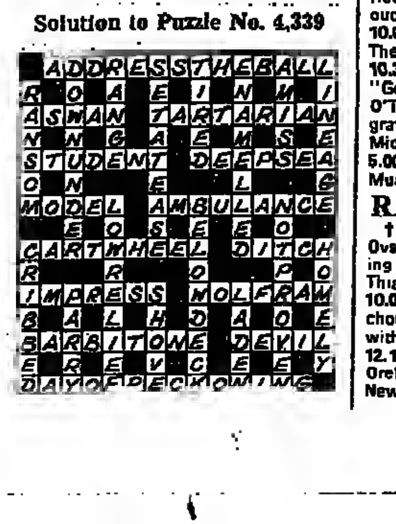
6.00 am Mike Smith's Breakfast Show (S) 9.00 Michael Aspel (S) 12.00 Graham Dene (S). 1.00 pm London Today (S) 1.10 Graham Dene (continued) 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 8.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,340

ACROSS
1 Foreign currency firm at the Abbey (8)
5 Couple daughter supported (6)
9 Prisoner made to pay penalty shut up (8)
10 Keep out miners united with old showman (6)
11 First night PM given key (8)
12 Ideas of putting number into another form (6)
14 Whatever you might say in uniform (3, 3, 4)
18 Arrange exam questions in printed programme (5, 5)
22 Account to National Trust for gift (6)
23 Interrupts chance to go wrong (6, 2)
24 Part of the least rallying cry of the stars (6)
25 Silly little reply to old Ireland comes to point (8)
26 Officer sounds a bit of a nut (6)
27 Ensure it may become hungry (8)

DOWN
1 Upper army contractor (6)
2 Run by person full of humbug (6)
3 Day soldier 'd become cold (6)
4 Keep away from road always free from traffic (5, 5)
6 Logical about a boy taking on newsmen (8)
7 He may get fed up of his fellow men (8)
8 See to the motorway and never bully (8)
13 Soldiers who obtain different degrees (5, 5)
15 Wine goes with food of course at sea (4, 4)
16 Keen fan joins one party in due course (8)
17 Van takes time to reach this part of building (8)
19 Rush advancement in profession (6)
20 Aim to like page one soldiers (6)
21 Swallow for fun we hear (6)

Solution to Puzzle No. 4,339



THE ARTS

Fitzwilliam Museum, Cambridge

Sir William Nicholson

by DAVID PIPER

William Nicholson, In a decent reluctance to shroud his paint with words, suggested to the author of the only work devoted to him in his lifetime (Robert Nichols, in that excellent little series, the Penguin Modern Painters, 1948), that the reader be simply advised "to look at his pictures." No better advice is possible, and when you leave the retrospective thet has opened at the Fitzwilliam in Cambridge (till August 25), yon will, I hope, be aware above all of pleasure offered and pleasure received. That is one constant quality of Nicholson's work, all through e career active from his emergence in the early 'nineties with his brother-in-law James Pryde, designing posters revolutionary in an English context if not so much in a French one, till near the end of his lifa in 1949. Painting moves to the brain through the eyes, but at its richest involves inextricably sensations of touch and taate, and so in varying degrees does all Nicholson's work in oils. Tha range is however of great variety, only within tha variety another constant is an exqulsite feeliug for structure and for proportion.

Nicholson was not I suppose a major formal innovator, in the sense that the founding fathers, the pioneers of the major "Isms" of modern art are, so crucial to art-bistorians in the construction of their own work. This exhlbition does though make very clear that he was well aware of wbat was going on, and had no hesitation in using anything new that suited his own needs, extending, as the catalogue notes, to an acknowledgement of the work of his son, Ben Nicholson, in the 'thirties (and perhaps no less so to that of Ben's first wife, Winifred). But he was equally able to ignore any developments that were not relevant to his own vision. He was a great professional, with a lovely skill deployed to create delight.

As a professional, early oo be had to earn his living, and aa ever in England for most artists, portraiture was an economic necessity. Inevitably, there do exist Nicbolson potboilers, but they are surprisingly few eod none at all are in this exhibition, whicb should go far to redress the *slightly grudging* acceptance of him as portraitist thet is sometimes expressed. Certainly it was not, as such, his fevourite branch of art, but even when, in the 1920s and 1930s, he was fioancially relatively independeot, be took commissions, I imagioa of subjects who tickled his fancy, though the results by oo meaos always tickled his sitters' fancies. In this field, be did, with e handful of sterling examples, suggest a new habit that might have been pursued more freqeotly and profitably since: that of painting wholelength institutional portralts to a much smaller than life scale.

Not that creeting a portrait acceptable to ali parties lnvolved is ever easy. *One* of Nicbolson's best, of A. C. Benson, Master of Magdalene, in 1924, is bere and a case in point. Commlssioned by an admiring benefactress, presumably to join other institutional effigies in the College hall, it failed to pleasa ("beautifully painted, bot all the coarse and bored elements have come to the surface: that ls what happens when one sits . . ."). Within weeks, Benson had consigned lt to the Fitzwilliam, as work of art ("beautifully painted") but no doubt too in the bope that it might languish in store unseen (unfair to Benson), end indeed it has tended to do just thet. It is in fect the reverse of coarse and boring: a most delicately subtle characterisation, and, as always, beautifully balaoced in its asymmetry that evokes, distantly Japanese precepts. The equally brillient, likewise small scale, portrait of A. C. Watt of Jesus, io the same year, ls wrapped in swathes of gown remarkably aimilar to the rhythms of robes in many a Japanese print of actors in the No drama. Then there ls Max Beerbohm (much earlier, about 1901): a small slender elegance distilled from a Whistlerian haze into the precise essence, the very definition of dandy; or Merie Tempest, bosom *bouffant* profiled against the bosom of no less *bouffant* of her spaniel. Or there is the Girl with the Tattered Glove, you might *think* a typical Edwardian picturesque poverty picture for Academy visitors to coo over and indeed for long the Fitzwilliam's best-selling postcard. She ought to be soppy but is not, and could serve as model for Eliza in *My Fair Lady* sitting to Professor Higgins.

'Girl with a Tattered Glove'

Yet in the same year as that (1908), comes ooe of the first of what are for me the supreme Nicholson images: spare, reticent, colour subdued almost into pure tones but magical as Incantations. In the landscapes like these (ell small) Nicholson recorded a love affair first with the Sussex Downs and later with Wiltshire. The best of them, fold and sweep of earth, plane of sky; earth bues and blue or blue-grey of sky (sounds almost like a recipe for a late work by his son Ben Nicholson), are deceptively simple but vastly resonant in their small confines. If I have to formulate a criticism of this show, it would be that there are not eoough of them here, together with a slight over preponderance of still-life; it is in some of the showier still-lifes that I feel Nicholson sometimes succumbed to the lure of the glittering high-light, so characteristic of some of the most gifted of that geoeration (most notably Orpen). Nevertheless, the best of the still-lifes merit every jot of their reputation, and in them sensual succulence merges with masterly design in *exhilerating celebration* of the pleasure of being alive, not least when the subject is food. There is a fine example of one of his favourite subjects here, just Mushrooms, that yields nothing in quality to a Manet. There is a late, richly impastoed salute to the Sunfish, bnt perhaps best of all, and one of latest (1938), a Glass, Jug and Fruit floated almost diaphanous on to a coarse weave canvas. "The constant simplification of all redundance," said Nicholson to Benson in one of his rare recorded utterances about art. Precisely the same principle underlies the apparently so different work of his brilliant son, Ben. It's not a bad principle for life, either.

That this Arts Council exhibition should start its tour at the Fitzwilliam in Cambridge, and should have been selected and admirably catalogued by the Fitzwilliam's Keeper of Paintings, Duncan Robinson, is apt: Nicholson's connections witb Cambridge, and with the Fitzwilliam, seem to have been happy, generous, aod were certainly fruitful. The sbow will though resurface at Stoke-on-Trent (September 6 to October 4); Bristol (October 18 to November 22); and Bradford (December 6 to January 18, 1981). Apparently not io London, and that is London's loss.

Aix-en-Provence Festival—1

Semiramide

by ELIZABETH FORBES

During the seven years that be bas directed the Festival of Opera and Music at Aix-en-Provence, Bernard Lefort—once a singer himself—has shown a partiality for the *bel canto* repertory that this year finds magnificeot expression in *Semiramide*, Rossini's last and grandest Italian opera. The question of a successor to the *throne* of Nino after the Bebylonian King bas been murdered by his wife Semiramide aod her lover Assur may have evoked a merely conventional response from the composer and his librettist Gaetano Rossi, dutifully following in the footsteps of Voltaire. But the emotions of the Queen, and of the young warrior Arsace with wbom she fails in love inspired Rossini to some of his most eloquent music.

"*Semiramide* seems to bave had its day," wrote Gustave Kobbé. "Yet, were a soprano and a contralto, capable of *doing justice* to the *roles* of Semiramide and Arsace, to appear in conjunction in the operatic firmament, the opera might be successfully revived. . . ." At Aix the presence of Montserrat Caballé and Marilyn Horne ensures a performance of exceptional vocal quality, though the staging—a co-production between tbe Paris Opéra, the Teatro Comunale of Genoa and the Teatro Regio of Turin—does not attain a similar level. The theatre in the courtyard of the Archbishop's Palace has a very shallow stage, which Pier Luigi Pizzi, both producer and designer, fills entirely with two flights of steps and a mezzanine that does duty as Temple of Belus or "Ninny's tomb" as required.

The set, with *sliding* front panels opening on tableaux of priests or Assyrians, and most of the costumes are chalk white, while Babylon seems populated solely by Aibinos with ash-blond, Afro hair styles. When Arsace enters clad in martial scarlet and gold, it is a great relief to the eye; wben Semiramide and Assur change into black for the second act, it is an even greater relief. Having thus blocked up the available stage-space, Mr. Pizzi brings his principal characters in froot of the proscenium and on to two bridges built across the orchestra pit, aod the resulting close contact between singers and audience is highly beneficial. Stylistically his elm appears to be a contemporary—that is to say 1820s—recreation such as Franco Zeffirelli attempted so successfully with *L'elisir d'amore* at Glyndebourne.

Marilyn Horne (left) and Montserrat Caballé

At Aix, however, the *stalking* up and down, the swishing of imensely long cloaks (which frequently descend into the plt to tickle the orchestral players) and the artful poses meant to express some primary emotion such as love, bate or fear, all take on a surely unintentional *air of parody*. It becomes difficult not to giggle when Semiramide and Arsace, having just discovered that they are mother and son, plop down oo their knees in chaste embrace and tben bave some trouble in helping each other np again. Luckily the singing, especially *during* that *particular duet*, "Giorno d'orrore!" is sucb as to banisb all thoughts of levity end instead evoke gasps of astonishmeot and delight.

Mootserrat Caballé, oot flattered by her white dress and fair wig, nevertheless finds in Semiramide a most congenial new role. "Bel raggio lusingbier," sung, Thais-fashion to a small band-mirror, rather misfires, but thereafter the Spanisb soprano, in excellent voice, attacks her music with admirahle vigour. In the dnets with Arsace, Marilyn Horne's superb rhythmic sense ensures a similar precision from her partner. Miss Horne, too, is in fine vocal form at present. The baritonal quality of her chest register, sometimes so disconcerting, is perfectly aceeptable in a travesty role, while the amazing facility and crystal clarity of ber florid singing leaves the andience literally breathless. In "Eccomi alfin in Babilonia" she demonstrates bow truly expresslve Rossini's flights of *fioritura* can be.

Samuel Ramey, wbo sings tbe bass-baritone part of Assur, sbows an equal mastery of techniqua and style. Hampered in the first act by the plaster of Paris strait-jacket in which most of the characters are eocased, be becomes dramatically more authoritative once comfortably attired in black: the point of the costume change, for Semiramide aod Assur only, is presumably to make Arsace's killing of the former instead of the latter sligbtly more credibla. As Idreoo, Francisco Araiza, with an even uglier and more constricting costume than Assur's, tackles his difficult, high-lying aria successfully. Dimitri Kavrakos intooes impressively as Oroe, cbief of the Magi, while the Festival chorus, mostly seated at the side of the fore-stage, is competeot if not exactly enthusiastic.

Tbe conductor is Jesus Lopez-Cobos, who guides his sacred monsters throngh their music with dlplomatic skill. He also draws playing of some elegance from the Scottisb Chamber Orchestra, but just how eloquently the same orcbestra can play when truly involved was demonstrated during a performance of *The Seasons*, cooducted by John Pritchard in the Cathedral of Saint-Sauveur. Haydn's genial masterpiece, with its loving evocation of nature, its well-suited to Aix, where the splashing of fountains and the chirrup of crickets are everywhere to be heard. With the aid of a nicely matched trio of soloists—Yvonne Kenny, Robert Tear and Robert Lloyd—and of the Scottisb Philharmonic Singers, Mr. Pritchard gave a reading at once affectionate and affecting, entirely without condescension for the occasional naivety of the work.

Yardley sponsors ticket scheme for Glyndebourne tour

Yardley of London is to sponsor e scbeme offering reduced ticket prices to schools and students for the Glyndebourne Touring Opera's weeks in Southampton and Coventry in October.

For each performance, a limited oumber of top price seats costing between £7.00 and £5.00 will be offered at the reduced price of £2.00 each. Yardley will pay the balance of the ticket price to Glynebourne. Three operas are to be performed—Mozart's *Die Entführung aus dem Seroil*, Puccini's *Lo Bohème*, and Stravinsky's *Roke's Progress*.

The ICA/Arch 151, Hungerford Bridge

Topolski's Chronicles

by WILLIAM PACKER

Falix Topolski stands now, as he has stood for the better part of 50 years, in an ambiguous relation to the British art world and its establishment. He is certainly one of the best known artists in the country, his work widely admired and enjoyed through the familiarity born of regular exposure on the printed page and the television screen. His major commissions include a large decorative scheme for the Festival of Britain and the Coronation murals in Buckingham Palace. He is a prodiginus worker and, England having been bis bome since 1935, the vast bulk of his production has emanated from his cluttered cavern of a studio, underneath the arches beside the Festival Hall.

Yet he has never become in any way an official figure, the subject of major shows and foreign tours, never taken abroad in quite tha way of some other refugees and adnptees. The Arts Council catalngue carries no entry under his name, and I doubt that the Tate owns much of his work, or the British Museum, or the V and A. He has held many exhibitions arnund the wnrld, certainly, but again very few here, if any, in recent years; and public institutional favour and interest bave simply nnt heen engaged. He remains the outsider, difficult to place and embarrassingly conspicuous.

Thank goodness, then, for tha ICA, which has oow given us the chance (until August 17) to look and think again. On sbow at its main gallery in the Mall is a mass of Topolski's graphic work over some 50 years, and in particular his Chronicle, the series of illustrated hroadsheets which be has published at intervals ever since 1953. It has taken over too, as a temporary outpost, Arch 151, the studio whicb houses the extraordinary Memoir of tha Century, Topolski's huge, labyrinthine installation, a Forth Bridga of a painting, bagun years ago and by its very nature impossibla to complete.

These are effectively twin exhibitions, for though apparently so different in scale and medium, they match each other so well in scope, preoccupation and actual graphic technique that they may as well be taken as one. Topolski essentially has two rôles, which together condition his work throughout: the reporter and the draughtsman—and it must be said at once that he has a remarkable instinctive talent for both. In the graphic work, the Chronicle especially, we see him observing and recording and passing on, in the Memoir absorbing, pondering, summarising the issues, events and peopla that have filled out bis life.

He takes in whatever happens to engage his eye or mind at the time, and what with his knack of getting to any point nf current interest, bis obsessive Chronicling takes on a very real documentary importance. One moment be is in Hollywood, the next Venice, Bombay, Vietnam, the Congo, Peking, Chicago, Windsor, the Gobi Desert, Lourdes, St. Tropez: and he ia drawing Film Stars, Artists, Royalty, Statesmen, War Criminals, Politicians, The Pope, The Queen, The President, and everywhere the Man in the street, or the field.

His grapbic facility is undeniable, and his application, his sheer effort astonishing; but here a reservation or two must be entered, for he is also a maddeningly frustrating artist. In spite nf the manifest brilliance of so much of the work, and the bnnesty and integrity nf it all, with so much done be has resolved, concluded, achieved aurprisingly little. The clue lies perhaps in the best of it and in the least successful. Topolski's temperament seems seldom, too seldom, to allow him to slow down, to reflect: always he is distracted by what might be at the oext corner, the next image, the next thought. His Memoir will never be finished because he cannot resist starting afresh with each new idea, only to bave it barely established when seduced by its successor. Just occasionally in his travels, however, a shock of interest stops him sbort, aod then we discover a true artist of considerable power and authority. Most notably and poignantly this occurred tn him repeatedly during the War.

But it is a very brave thing, perbaps a very Polish thing, to take nn too much and to persevere, knowing that failure is likely, but the risk worth it. Topolski bas earned more respect than we have yet given him.

Felix Topolskl in his studio

Arts news in brief

The first European tour by the New York Pbilharmonic for 50 years opens at the Edinburgh Festival on August 24 and closes on September 18 at the Festival Hall in London. In betweeo, Lucerne, Salzburg, Malmo, Stockholm, Oslo, Berlin, Hanover, Booo, Vienna, Brussels, Gbeot and Paria will ba visited.

The tour bas beeo made possible hy a $300,000 sponsorship from Citibank, the third largest bank in the world, its first intarnational involvemant in arts sponsorship. The orchestra will be cooducted by Zubin Mehta and io *Edinburgh* gives the Europeen première of Peoderacki'a Symphony Nn. 2.

★

"Princely Magnificence," an exhibition of court jewels of the Reoaissaoce, opens at tha Victoria and Albert Museum on October 15, and will continue until February 1, 1981.

Tha exhibitioo aims to recreate an age wben a monarch's power was measured by the splendour of his personal jewellery. Important pleces have beeo borrowed from 13 countries, including the Imperial Collections in Vienna. Portralts including accurate records of tha great lost jewals of the Reoaissance will also be exhibited.

★

Alan Ayckbourn's *Taking Steps*, starring Dinsdale Landeo and Nicola Pagett, will open at the Lyric Theatre, Sbaftesbury Avenue, on September 2. Also in the cast are Michael Maloney, Paul Chapmeo, Richard Kane and Wendy Murray.

It will be directed by Micbael Rudman, who has been given leave of abseoce from the National Theatre, and produced by Mlcbael Codron.

Taking Steps is presently *playing* at the *Richmond* Theatre.

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Comparability: an untidy end

THE GOVERNMENT'S decision to wind up the work of the Standing Commission on Pay Comparability—the Clegg Commission, as it is generally known—is what was expected, and is on the whole welcome. The Commission's own general report, issued only hours before the news of its demise became official, has elements both of apologia and of historic obituary. With the openess and honesty which has marked the Commission's work, it provides evidence for the prosecution as well as for the defence.

The comparability issue, as this report points out, has emerged in a cyclical pattern over many decades; it is a complicated issue which has still not, despite the passage of so many years, been resolved. This suggests that what is needed is some fundamental background research, which might in a few years help to clarify the difficult questions of justice and efficiency, and still more of sheer measurement, which would have to be solved before any authoritative guidance could be offered. This indeed is how the Commission has come to regard its future work programme.

Emergency

Unfortunately the actual work of the Commission has inevitably followed a very different pattern. The Commission was set up, like its many predecessors, as an emergency measure to meet an emergency, the wave of public sector strikes in the winter of 1978-79.

It was not possible in these circumstances to tackle the basic research which the Commission itself sees as necessary; nor could the Commission's findings be treated, as it now wishes, as simply a piece of evidence about the state of the labour market, to be used as one input in a negotiation. The Government had bound itself to treat Clegg findings as binding awards.

In seventeen months of work the Commission, working without the expert staff it now sees as necessary, has tackled 26 references and reported on 14 of them — very different from the idea it now proposes that a proper examination of a single reference would take about a year. A Commission which had been forced to start its work in this way, as a kind of sausage-machine grinding out over-hasty awards, could not realistically change itself into a unit providing a trickle of scientific research; outside pressures would have insisted on a continuing stream of awards.

The Commission suggests in its report that the need for some similar body is bound to emerge again in the future, on the old cycle of public economy, growing injustice, resentment, explosion and placation, and that therefore the long-term work should be continued. History may well vindicate this warning, but it need not be so.

The Government's aim, in theory at any rate, is not simply to impose economy in the public sector while leaving the private sector free rein; it is to use cash limits in the public sector to achieve the constraint already imposed on the private sector by monetary restraint. Present evidence suggests, indeed, that the effect on the private sector has so far been much sharper than in the public sector. If the proper balance between monetary discipline and cash limits can be struck—itself a difficult task—then in theory a broad comparability will be achieved automatically.

Unfortunately, however, the Government itself shows some lack of confidence in this implied programme; for the work of the other review bodies concerned with comparability—the Pay Research Unit, and the bodies concerned with the armed forces, doctors and dentists, top salaries and the rest—is to go on. Here the old cycle is clearly continuing. The findings of these bodies have partly been over-ridden in the interests of economy for the time being, but the implied promise of some future year in which large "catching-up" awards will be made is clear. This is inconsistent and untidy.

Emphasis

However, even an untidy cycle has its uses. Whether or not the Government succeeds in establishing a realistic cash discipline which will combine efficiency with justice, it is clear that for the time being the cycle should move from an emphasis on comparability to an emphasis on efficiency. That much has been achieved.

When not to denationalise

A POLITICALLY dogmatic industrial policy is a luxury which the British economy can at present ill afford. In the decision on the future of British Shipbuilders which the Government is due to make this week, Ministers will have an ideal opportunity to reassure their many supporters in industry, who, while backing the general course of the economic strategy, are concerned about the Government's apparent indifference to the practical difficulties and the long time scales of industrial life.

There appears to be no industrial, financial or economic justification for splitting up British Shipbuilders and selling the profitable warship yards back to the private sector. The advocates of this perverse kind of denationalisation, which would leave the large loss-making rump of the corporation drawing even more support from public funds, base their case on political arguments: the Government promised to "roll back the frontiers of the State sector" and, more importantly, the manifesto contained a specific commitment to return the shipbuilding industry, which was forcibly nationalised by the last Government, to private hands.

Damage

By its very nature, the Prime Minister's desire to fulfil her manifesto promises as quickly as possible is a political consideration which is hard to balance against economic judgments about the damage which a decision to hive off the naval shipyards may inflict on the industry. At a time when British industry generally is weak, while shipbuilding is in a desperately unhealthy state, the Cabinet's value judgments should be weighted heavily towards industrial and economic factors if these conflict with political doctrine. Unless Ministers are convinced that hiving off the naval yards would strengthen Britain's shipbuilding industry in the long term and, increase its chances of survival in the short term, they should shelve their political commitments until economic circumstances allow them to be fulfilled, without damaging the nation's industrial fabric.

This newspaper strongly opposed the Labour Party's nationalisation of shipbuilding. We have supported the general thrust of the Government's ideas about bringing private capital into the nationalised industries, bringing competition to bear on the nationalised monopolies and reducing the influence of government over the whole economy. At the appropriate time we would wholeheartedly support a decision to return all or most of the shipbuilding industry to the private sector. The same is true of many of the managers within the industry itself and, probably, of a substantial part of the workforce. At the present time, however, denationalisation of part of the industry would be a needless act of self-destruction.

The most immediate consequence would be a crisis in management and labour relations. Several directors and senior managers have expressed their opposition to the Government's plans. The national industrial relations agreements painstakingly created over the past three years, which have transformed the industry's record of militancy and have enabled the workforce to be reduced by nearly half with a minimum of disruption, would almost certainly collapse.

The Government may not feel inclined to yield to what it may regard as union blackmail, but in this case the unions' opposition to denationalisation is based on genuine fears, with an entirely rational foundation. Without the naval shipyards earning secure profits on the basis of cost-plus contracts from the Government, the losses of the remaining "rump" of British Shipbuilders would rise to levels which the Treasury could well regard as insupportable.

Survival

At the present time the sale of the naval shipyards would inevitably call into question not only the rationalisation programme, but the whole of the Government's commitment to the survival of the shipbuilding industry. That is a blow that a healthier corporation, less dependent on the cooperation of unions and the confidence of foreign shipowners, might be able to suffer in the cause of Government doctrine. But for British shipbuilders, in its present straits, the blow could prove fatal.

Terrorism: the Italian disease strikes again

By RUPERT CORNWELL, in Rome

THE SHATTERED clock on platform one of Bologna Station stands with its hands transfixed by splintered glass at 10.25. In a sense, it is a ghastly parody of that other symbolic clock of a different age fixed at ten to three. But where Rupert Brooke's Grantchester summons up the peaceful Arcadia of a vanished Liberal England, the one which was shattered by a colossal explosion in Bologna last Saturday morning will stand eternal testament to the extremist violence which lacerates modern Italy.

Rescuers search through the rubble for victims after the explosion which demolished the waiting room at Bologna train station.

It is now certain that the explosion, caused by a bomb left in the station's main waiting room, is by far the worst terrorist outrage since the war: not just in Italy, which has been inured to the worst by more than 10 years of unremitting barbarity, but in the whole of Western Europe.

It is hardly surprising that even now that police have established that the blast was deliberate, people should be desperately casting around for any evidence, however slender and improbable, that somehow no Italian could actually have intended the bomb to have gone off where it did, when it did. For if terrorists studied (and every sign is that they did just that) the most devastating site for a bomb, they could have picked no more suitable place. Bologna Station, the biggest railway junction in the country, on the first Saturday morning in August was a swarming centre for holidaymakers, putting aside the cares of the past and the fears for the autumn, for a month on the beach. In a moment, happy animation was transformed into terror and chaos, leaving almost 80 dead and 200 wounded.

As the Left has waned, Right-wing terrorism has waxed

But it is not simply the unprecedented size of the outrage which is so chilling. At first glance the blast which reduced one side of the station's central building to a heap of rubble bears every hallmark of being carried out by Italy's far-right neo-Fascist extremists.

Whereas the left-wing groups, the Red Brigades, Prima Linea (Front Line) and others, have always tended to concentrate on specific targets among politicians, magistrates and police, the Right has always aimed to sow random panic among the populace. The slaughter of the holidaymakers at Bologna fits perfectly into this pattern and if this interpretation is correct, it would seem to signify the opening of a third chapter in the terrorism which has plagued the country in the last 11 years.

The immediate origins of extremist violence in Italy are generally held to lie in the aftermath of the student uprising of 1968, which in this country took its most vivid form in the bitter industrial autumn of 1969.

The first phase which lasted from that winter until 1974 was essentially of the Right. It was the period of the so-called "strategy of tension," whose aim was to destroy the country's nerve to such an extent that an authoritarian regime would step in to halt the quickening march of the ever-growing Communist Party towards power.

The opening salvo is generally held to be the bomb which exploded in a bank in Milan's Piazza Fontana in December, 1969, killing 16 people and until last Saturday the most murderous terrorist attack yet mounted. In May, 1974, a neo-Fascist device killed eight people in the centre of Brescia, and in August 1974, almost six years to the day before Bologna, a bomb which went off in a tunnel killed 12 passengers on the Italicus Express bound from Rome to Germany.

Indeed the proximity of the anniversary, and the fact that just two days before the Bologna massacre four leading neo-Fascists were sent for trial for the Italicus attack, are circumstantial evidence for suspecting far-Right involvement in the latest tragedy.

By the mid-1970s however, Right-wing extremism gradually gave way to its counterpart on the Left. There opened the sad period of the assassinations, when Italians would listen anxiously to the morning nine o'clock news to find out which magistrate or police officer had been shot down leaving home on his way to the office, the preferred hour for Red Brigade operations.

The highpoint of this campaign was, of course, the abduction and murder of Sig. Aldo Moro, the former Prime Minister. But since May, 1978, Left-wing extremism has seemed increasingly rudderless. Its improbable goal, of prompting the Right-wing takeover which would then be followed by the uprising of the masses to create the perfect Socialist state had been shown to be futile.

The killings went on—40 people (including 14 policemen and five politicians) died at terrorist hands in 1979 alone, and the rate this year had been little slower. But within the subversive Left ideological differences had surfaced, and betrayals by feuding factions to police became more frequent. Early this year major breakthroughs were made by investigators, and confessions of captured terrorists led to more than 200 arrests in the first five months alone of 1980. The last Left-wing killing of importance was the murder of Sig. Walter Tobagi, a journalist on the Milan daily, Corriere Della Sera, at the end of May.

But as the Left has waned, Right-wing has waxed. In Rome, particularly, there have been increasingly frequent acts of Right-wing violence, particularly since late 1977 and the first emergence of the NAR (Nuclei Armati Rivoluzionari) as an active group. And now Bologna, for which the NAR were the first (but not the only) group to claim responsibility.

So is one to conclude that extremist violence is endemic in Italy? The answer, beyond reasonable doubt, is yes. It must surely be traced to the central failure of modern Italy, the failure to achieve the social change to match the bewildering transformation in barely 35 years from a predominantly agricultural country with delusions of imperial grandeur, to a modern industrial economy, ever more firmly drawn into the orbit of Northern Europe.

Primarily it is a failure by the country's politicians to create a structure to express this transformation, to provide a system of political alternation. The reasons for this are various and have much to do with the fact that the Left, normally the force for social change, is embodied by a Communist Party, perceptions of which inevitably are fashioned by international events. Perhaps change of the sort wanted by those with a "Western European" blueprint for Italy is not possible, given the baffling complexity of the modern country, and the disparate historical baggage it carries.

What is certain though is that the recent strategy of the "historic compromise" between the Catholics and the Communist strands in Italian society has brought confusion to a new pitch. For the Right, it was the beginning of the sell-out to the Left, for the latter's militants the ultimate emasculation of the political principles for The drift towards what was seen as soggy compromise at the centre inevitably alienated the extremes.

Equally, the political parties, their relevance to the vital flow of national life ever more marginal except in terms of dispensing patronage, have tended to pass the buck. They have always treated terrorism

The political parties have tended to pass the buck

as a police problem, and shown an increasing tendency to pass the blame for it to international manipulators outside their control.

But nothing illustrates the tangled skein of terrorism (at least that of the Left) so clearly as the recent episode of the son of Sig. Carlo Donat Cattin. The point of the affair was not that Sig. Francesco Cossiga, the Prime Minister, was accused of tipping off his Christian Democrat colleague that his son Marco Donat Cattin was being sought by police as a wanted Prima Linea extremist, responsible for several atrocities in the past two years. Rather it was the extraordinary background to the affair, the way in which the well-to-do bourgeoisie of industrial Turin was so close and yet so far from its progeny, gunmen in terrorist murder squads.

Instead, the politicians have not peered too deep and sought mainly to increase police powers. A Bill forced through Parliament in February extended to 48 hours the right of investigators to question suspects held incommunicado, and strengthened their powers of random search and telephone tapping.

But that does not make Italy a police state. And it is unlikely that even nations with a much stronger centralised system than Italy would accept the measures needed to stamp out random terrorism.

True, great injustices and acts of brutal police behaviour abound, but those are due as much to the chaotic bureaucracy of the Italian legal system and an understandable jitteriness on the part of police officers only too often in the terrorist firing line, as to any drift towards an authoritarian clamp-down.

How do you stop people carrying bombs into railway stations? At the very least, it would require airport-style controls at every main and branch line station in the country. For states not organised on East European lines, such remedies are not feasible.

Many other factors, too, make Italian terrorism so hard to root out. There is first of all its apparent lack of motive. The Basques or the IRA have clear nationalist goals, however misguided their goals or their means. But what are the Red Brigades, the neo-Fascists and the myriad other terrorist groups in Italy really fighting for, beyond the claptrap jargon of their slogans, daubed in red and black across a million city walls?

Germany was the only other West European country to experience the extremism of frustration. But, as is often observed here ruefully, German terrorism was as well structured as the country. You cut off the head and the body withered. In fragmented Italy the beast is a combination of a hydra and Proteus. Now groups spring up where one is destroyed, often changing shap and complexion in the process.

All this is especially true on the far Right. True to the Italian tradition of absorbing everything, Fascism was never really rooted out after the last war. The neo-Fascist MSI Party still wins 5 or 6 per cent of the votes at every Italian election, constituting a legitimate nucleus of nostalgia for better-ordered days, when the state at least looked powerful.

In the absence of understanding, and a refusal to accept that Italians alone could be responsible for such savagery, many have tended to look abroad for the mainspring of terrorism. The habit of "dietrologia" (literally "behindology" or the search for the conspiracy to explain the inexplicable) received a powerful impulse from the trial of neo-Fascists for the 1969 Milan bombing. Complicities emerged between the terrorists and the Secret Services (since reorganised), which the silence of certain prominent politicians did not help to clarify.

The "foreign connection" theory also gains credibility from the strategic importance of Italy, on the southern flank of the Mediterranean, for both West and East. President Sandro Pertini is only the best-known adherent of this school of thought, that terrorism is nurtured by other powers, either to destabilise the country once and for all, or to prevent the Communists from coming to power.

Periodically reports surface, more or less well documented, of terrorist training camps in Czechoslovakia or Libya. But beyond the near-certainty that links for the supply of weapons exist between Italian extremists and their counterparts in Ireland, Spain, France and the Middle East, nothing has been proved.

Perhaps more disquieting still is the uncanny way in which terrorism seems to have become a part of the delicate political equilibrium that Italy's apparent chronic instability so

Terrorism: the price Italy must pay for failing to adjust

often masks. Unquestionably in ballot box terms the "strategy of tension" was counter-productive, and probably aided the PCI. Similarly, the activities of the ultra-Left probably created sympathy for the Christian Democrats. Will it now prove that the Bologna bombing, in a city which symbolises the efficiency of Communist local government, actually helps the PCI at a moment when its fortunes are low? Little wonder the confusion about motives, and the suspicions that far-Left and far-Right may in fact somehow be working in tandem.

But whatever the longer-term political implications, the probable short-term consequences will be a closing of the ranks against the new threat. Italian democracy has weathered terrible shocks in the past decade and yet survived, probably indeed because of, rather than in spite of, the weakness of the central authority. The strikes and the demonstrations may undo nothing of what has been done, but they are a sign that the country is not yet ready to fall into the extremists' lap.

It may be that terrorism is the price Italy must pay for its failure to adjust to economic and social development. But nothing can really explain why a people who have given, and still give, so much to human values should behave on occasions with such inhumanity. Why should Iwao Sekiguchi, a 20-year-old Japanese studying in Italy, die so senseless and random a death, along with 80 others at a North Italian railway station, 10,000 miles away from home?

MEN AND MATTERS

Jean-Baptiste's last coup?

He has sold Virgin Islands terrapins to the Swedes, dealt in protein from recycled cowpats with the Americans, and won notoriety as the man who sells Common Market butter, beef and wine to the Russians for a fraction of the EEC price. Now Jean-Baptiste Doumeng, the larger-than-life Communist millionaire from the Midi has carried off another commercial coup.

Stretching his political, commercial and intuitive resources, he has won permission to open a meat processing and freezing factory in Namibia, commercial stronghold of the ultra-Right Afrikaaner.

Under the banner of the Alliance Co-opérative Internationale, Doumeng has won his fight against the Afrikaner monopoly in meat and goes to Namibia with the approval of both the French and South African Governments. And the Elysée, significantly, has bolstered its blessing with guarantees covering 85 per cent of the investment, courtesy of COFACE, the Government-controlled export and investment organisation.

All of which appears to indicate that Doumeng has achieved his final ambition. In Paris three years ago he confided that he aimed to retire in 1980. But first, he promised, he aimed to make the Alliance Co-opérative into "something more than a body which organises conferences."

"I think he priced himself out of the job."

Record business

As the Institute of Directors enters the fray with an appeal for the Government's axeman to spare the 64-year-old Registry of Business Names, I detect increasing signs of battle-weariness among those who came early to the fight. Debt-collecting and business information group, Dun and Bradstreet, which has been trying since April to muster support for a private take-over of the operation, has run into some daunting problems.

Not least among them is the sheer scale of the registry. There are some 2.5m index cards in the files currently tended by a staff of 65 civil servants. Having seen them, Dun and Bradstreet's John Dawson has refined his plans and now suggests that it would be more practical to scrap most of the documents and commit only the past four or five years' worth to computer memory.

He is currently consulting with another "major" British company and racing against the end-of-September deadline to cobble up a workable scheme. "It is not a dead duck, by any means," he tells me. But at the same time, he admits: "I am afraid we have been a little bit discouraged."

Running costs, he reckons, could be covered by raising the present registration fee from £1 to £5 and increasing the search charge to £1 from the present 5p which has not been changed since 1916. But the real stumbling block is the absence of any offer of help—official or unofficial—to ensure that people setting themselves up in business actually register.

The customs officials who administer VAT have been suggested, the banks, too. But the Department of Trade, set on saving the £1m annual running cost, has so far offered Dawson and campaigners like him nothing more than encouragement and the best of luck. The Government, the DoT says flatly, wants no involvement at all, and for the moment it is sticking to its outline scheme to oblige businesses formerly covered in the registry to display potted details of their enterprise on a wall plaque.

Should private enterprises salvage efforts fail, the last hope seems to lie in persistent lobbying. The Institute of Directors' entry into the lists can only help. "If the strength of feeling is enough," Dawson tells me, "it could be that the legislation to get rid of the registry may not get into the new Companies Bill . . . and that would be great."

Out of commission

"The prospect of execution concentrates the mind wonderfully," mused a gloomy Professor Hugh Clegg yesterday. For even as he spoke at the Press lunch of his Pay Comparability Commission's ninth report, Mrs. Thatcher was announcing the body's imminent demise, in a written Parliamentary answer.

The ceremony had all the sombre air of a wake for the Commission itself, with the lugubrious professor presiding. The venue had been aptly chosen—the funereal Convocation Hall of Church House, nestling into the bulk of Westminster Abbey.

Stern portraits of erstwhile Archbishops of Canterbury lowered down grim reproval. Even the dark blue baize table coverings before the members of the Commission contrived to look black under the glare of the television spotlights.

Clegg is a veteran of public sector brains trusts, and must have had a sense of déja vu in the manner of his going. For in 1970 he was removed by the Heath government from the civil service arbitration tribunal.

Clegg gave to a lucid and spirited exposition of the battery of reasons why he felt the country needed his Commission. The assembled journalists were, however, more interested in the mundane matter of what it felt like to be once more on the receiving end of the governmental boot.

Flying tonight

Joining the chop suey queues at Chinese take-aways across the nation this week is a team of gastronomes from British Caledonian. For with information gleaned primarily from the yellow pages, the hungry hunters hope to track down several thousand Chinese restaurants whose staff may leap at the cheap fares to Hong Kong recently launched by the airline.

The sales force should be instantly recognisable to regular customers by its habit of leaving behind on the counter sheafs of seductive literature plugging the new route.

Such inscrutably ingenious methods of sales promotion are necessary, British Caledonian managing director Alistair Pugh tells me, because with three airlines on the route—former monopolist British Airways, and Cathay Pacific are also fighting for trade—competition is going to be extremely tough.

But plucky British Caledonian is undaunted, for supernatural forces are on its side. A soothsayer versed in the oriental haruspicological lore of fung sui has told the airline that it will "make a lot of money."

Any sniggerers in the back row get short thrift from Pugh. "Fung sui plays a major part in Chinese life, and far from being a joke, is taken very seriously here," he cautions.

A CURRENCY SHAKE-OUT SEEMS ON THE WAY • BY DAVID MARSH

An autumn of discontent

THE HARD currency central bankers are on the run again. A surge of international hot money has moved back into the dollar since the middle of last week on the prospect of a renewed rise in U.S. interest rates, sparking off intervention by the West German, Japanese and Swiss central banks to prop up their currencies.

For much of the last 18 months, footloose funds from the oil exporting countries and elsewhere have been moving where interest rates are highest: into the high-inflation currencies like the dollar, the French franc and sterling.

During the currency upheavals of 1976 to 1978, the flows were all going the other way. The turn-round has at least produced a period of relative tranquility on the exchange markets as the "strong" currency nations battle against unaccustomed capital outflows and their formerly depreciation-prone neighbours bask under the attentions of the oil rulers.

There are now signs, however, that the truce may be starting to break down. Several central bankers—and not only those who have faced depreciation pressures this year—are becoming seriously worried that currencies have moved too far out of line with underlying differences in inflation rates. The distortion of competitive positions among the main industrial countries could be bottling up pressures for the future.

The switch of currency roles after last year's round of oil price rises has in fact been strikingly similar to the pattern of relative stability that emerged on the foreign exchanges after the first oil shock of 1973—and which later broke down so devastatingly with successive crises surrounding the French franc, sterling, lira and the dollar.

The chart of "real" movements in exchange rates (making allowances for differences in countries' inflation rates) shows the extent of the market's "over-" and "under-shooting" during the 18 months after October, 1973 and January, 1979. Some of the reasons are familiar too: sterling's position as an investment medium for OPEC revenues (strengthened this time by its role as a petrocurrency in its own right) stands out in particular.

With monetary and exchange rate policies around the world now much better harmonised than four years ago, nobody expects a similarly explosive sequel this time round. But some sort of a shake-out seems to be on the way—and the process could start before the end of the year.

The move by Germany and Japan into large current account deficits over the last year—partly because of the reflationary measures they agreed at the 1978 Bonn summit—has been one of the main factors behind the latest currency ceasefire. But as the strong currency duet join in the worldwide recession, both countries' balance of payments and inflation performances will be registering simultaneous improvement during the next few months for the first time since 1978.

In addition, the Bundesbank and the Bank of Japan have made it clear that they will be relaxing interest rates only very cautiously in spite of the prospective economic downturn. Herr Karl Otto Poehl and Mr. Haruo Maekawa, the two central bank chiefs, have used almost identical words in recent weeks to stress the need to maintain international confidence in their currencies.

If inflation factors again come to the fore as the main determinant of exchange rate movements, this is bound to have repercussions for the dollar, particularly if too many inflationary promises are bandied around during the run-up to the American elections.

But—until its revival last week—the dollar had already fallen to what many central bankers regarded as a more realistic level following its surge in the first few months of this year.

The main adjustment pressures could thus surface in the European Monetary System. The semi-fixed exchange rate scheme linking all the Common Market currencies except sterling has been almost too stable for comfort since it was set up in March last year.

EEC inflation rates have diverged instead of converging during the past 18 months. It is commonly agreed among European central bankers that Germany's lurch into the red on current account—combined with the much improved payments performances of France and Italy — has effectively papered over the cracks.

But at least one central banker is now packing his bags for his summer holidays predicting that the present EMS calm is illusory and that strains will break out in the autumn.

Three German elections have been followed by a DM revaluation

The central banks have some reason to be slightly nervous. Autumn is the traditional season for currency unrest to come to a head in Europe, as the foreign exchanges pick up steam after the summer break. The six weeks between the end of August and mid-October have witnessed currency realignments within the EMS and its forerunner, the European "snake," in every year since 1976.

The currency markets, too, cannot forget that each of the three German parliamentary elections going back to 1969 has been followed by a D-Mark revaluation within an average time of eight weeks—and October 5 is polling day in the Federal Republic.

Evidence of latest pressures in the EMS surfaced earlier this summer with a behind-the-scenes disagreement over interest rates between Belgium and Germany, two habitual sparring partners in the European monetary ring.

Not for the first time, the Belgians complained at an OECD meeting in Paris that the Bundesbank's tight monetary policies were forcing interest rates too high in Brussels.

The dispute now seems to have died down. Despite the Bundesbank's refusal so far to cut its main lending rates, the Belgian National Bank has recently made two cuts in its own discount rate.

With the Deutsche Mark now the second weakest member of the EMS (after the lira, which has dropped sharply over the last few months), Herr Poehl can defend himself against charges that the Bundesbank is using a tight interest rate policy to push up the D-Mark.

None the less there is little doubt that the Bundesbank would welcome a rise in the D-Mark against the other EEC currencies in order to dampen down import price rises.

Germany's annual inflation rate is now around 5.5 per cent (and could be down to 3.5 per cent next year, according to the OECD) against rates well into double figures in France, Italy and the UK. Dr. Leonhard Gleske, the Bundesbank's directorate member in charge of foreign exchange, has spoken out this summer about the need for "timely adjustments" of EMS exchange rates to prevent Germany importing inflation from its less price-conscious neighbours.

Herr Poehl pointed out in Frankfurt last week that the need to maintain a sound D-Mark was "at least as important" a consideration as the domestic aspects of the Bundesbank's interest rate policies.

The Bundesbank is well practised at fending off criticism of its interest rate policies. It has faced increasing domestic pressure for a relaxation of the credit reins since it hoisted its discount and Lombard rates to a 10-year high at the end of April—and left them there, in spite of a dramatic fall in American rates.

The Bundesbank took steps at the end of last month to give the German banks short-term help to tide them over August's liquidity problems. But it seems clear that the more fundamental move of a cut in interest rates will not come until the late Summer or autumn—and could even be delayed if the dollar remains strong.

Both the German and Japanese authorities see a clear link between maintaining relatively high interest rates and attracting capital inflows to finance their current account deficits.

The Bundesbank in particular has also set a clear goal of cutting back the deficit next year. Dr. Helmut Schlesinger, the vice-governor, has stated the need for a resource transfer from the importing to the exporting sectors—implying that the second half domestic economic slowdown will not be at all unwelcome.

There is one key factor which could yet prevent the German aim of allowing reasonably elastic exchange rate adjustments in the EMS. The effective mobilisation of EEC gold reserves as part of the scheme's intervention arrangements gives the large gold-owning countries an increased amount of financial leeway to withstand pressure on their currencies.

Under the EMS rules, EEC central banks have shared out among themselves stocks of a new reserve unit, the European Currency Unit, in exchange for 20 per cent of their gold and dollar reserves. ECU's can be used like normal currency reserves to settle intervention debts among the central banks and for other official transactions.

Belgium, in particular, has used a large amount of its ECU holdings to help support the Belgian franc.

The important point is that the gold turned into ECU's in this way is valued at a market-related price (which has more than doubled since the EMS came into operation).

Mr. Andre Szasz, executive director with specific responsibility for international monetary affairs at the Dutch central bank, the Nederlandsche Bank, points out that this mechanism enables countries to draw on their gold reserves without actually selling them. This amounts to a form of liquidity creation which could be in the long run, he says, prove dangerous.

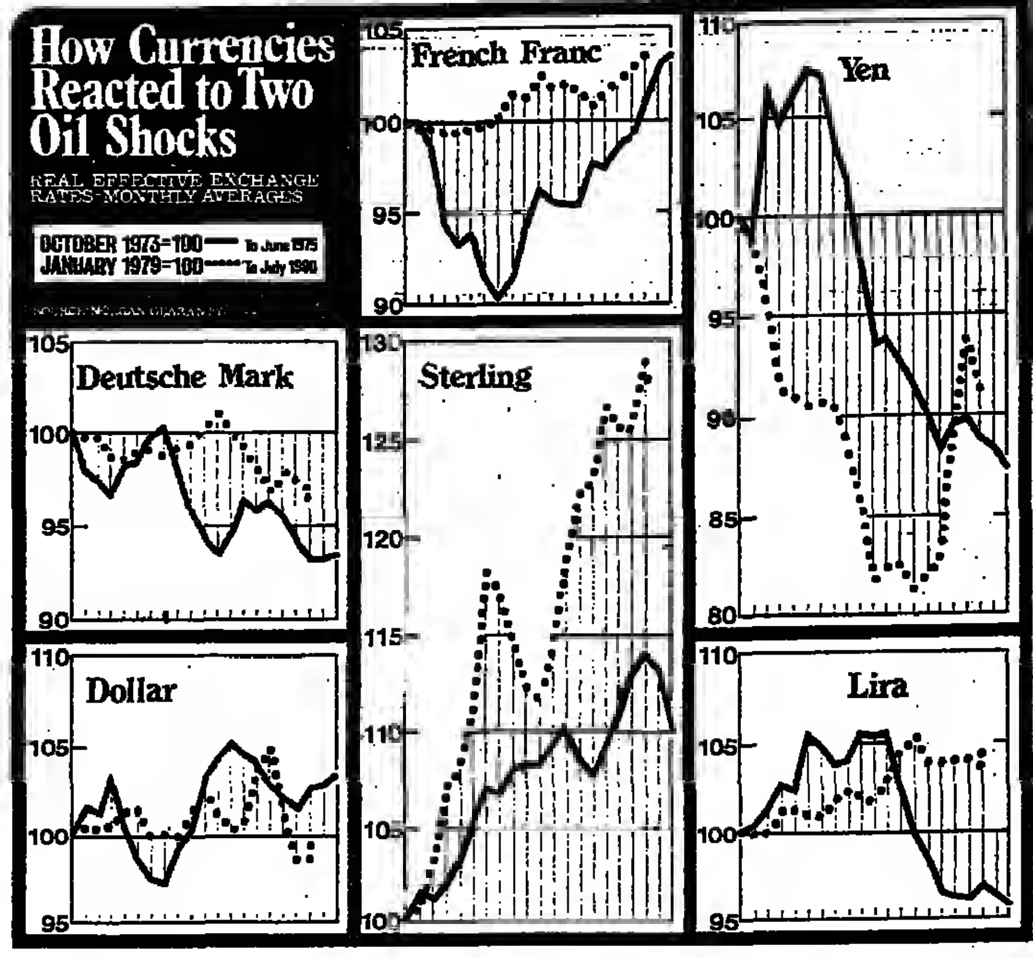
The Bundesbank has also expressed unease at the way the mobility of EEC gold reserves has been increased, saying it amounts to "an inflation of international liquidity."

The principal fear seems to be that the arrangement could enable countries like France and Italy (the two largest holders of monetary gold within the EEC after Germany itself) to stave off devaluations should pressures build up on their currencies.

The Bundesbank has already served notice that it would like to modify the gold-into-ECUs mechanism, perhaps by making less automatic the link between the gold price and the amounts of ECUs distributed to central banks.

Any changes here, however, will have to wait until negotiations get under way on the much-vaunted "second stage" of the EMS—setting up a European Monetary Fund, as a kind of European central bank to handle the partial pooling of national reserves and to supervise EEC credit arrangements. The timetable towards establishing the EMF has been put back by all kinds of political, legal and monetary obstacles, and it seems unlikely that serious talks will start on clearing these up until after the French elections next spring.

If, by that time, they have not managed to stage a full-scale realignment at one of their midnight meetings in Luxembourg, EEC central banks will feel even more uncomfortable about the future development of the EMS than they feel now.



Letters to the Editor

Do not blame the importer

From the Director, British Importers Confederation

Sir,—As the recession deepens and unemployment rises there is an increasing tendency to blame the importer although, in fact, the Government's monthly trade figures show that import volumes are dropping.

Any advantage which the importer might reap from the strong £ sterling is offset by inflation and high interest rates. This strength in the currency is beneficial to the consumer in keeping down the price of food—witness the present heavy discounting in the High Street. It also reduces the price of raw materials for our export industries. If the currency were weak the rate of inflation would be even higher than it is today. But once interest rates start to drop it is likely that the value of sterling will fall.

To yield now to protectionist measures could be counter-productive in the longer term. It is encouraging that the Government's policy remains on the side of free trade, but tragic that Government is so lukewarm in supporting the findings of the Brandt Commission, now reinforced by the Commonwealth study on the plight of the oil-importing developing countries referred to in your issue of July 24.

The key to remedying the present situation is a recycling of the oil surpluses so that developing countries will be able to buy our capital goods and the products of our high technology. As a great trading country we must trade our way out of the present recession; and trading is a two-way operation.

E. Ira Brown,
British Importers Confederation,
69, Cannon Street, EC4.

Recession and exports

From Mr. O Laband

Sir,—In your commodity markets report of July 26 you quote from the cocoa market report issued by Patterson Simon Ewart in which it states that according to some manufacturers prices would have to fall to £800 from £1,050 before there would be a recovery in consumption of cocoa products.

Cocoa products and other tree crop products are expensive in the shops. I suggest that this is not due to the high cost of the primary product but to other manufacturing costs which include wages and salaries.

In 1956 the cocoa price was in the region of £350. A tractor and trailer used in agriculture cost £800. Just under three tons of cocoa per tractor unit. In 1973 this ratio was 8:1. Today is it 9:1. A comparison with costs of vehicles would not be very different.

In the course of the last 12 months we have added between 15 per cent and 20 per cent to our wage and salary bills. In the course of the last 10 years primary products have had both increases and decreases. The cost of manufactured goods has merely increased. Costs have been passed on to the consumer.

It is not surprising that developing countries depending mainly on revenue received from primary products cannot afford to buy our manufactured goods. They try to make do with what they have got and in some cases have gone back to more primitive means of transport.

Recession in exports to developing countries is due to outpricing our goods in relation to what we are prepared to pay for these products.

In real terms primary products like cocoa and coffee and other tree crop products are cheap. Further falls will reduce the purchasing power of developing countries. This cannot be in our interest. I have worked in and have been associated with developing countries for 27 years. I am sure they would prefer trade to aid.

O. E. K. Laband,
Glenyra, Earlsferry-Elie, Fife, Scotland.

Computerising society

From Mr. P. Hermon

Sir,—You devoted considerable space on July 28 to a review by John Lloyd of the French Nora report on telematics — the new word, apparently, for combined computer/telecommunications technology. I am reluctant to comment, not having seen the Nora report. On the other hand the article quotes such sweeping, and in my view ill conceived and sometimes fantastic assertions (mostly without any arguments to back them up) that the reader could easily be given a totally false perspective.

The article refers to "computerisation of society" to telematics "finding itself at the heart of the power game through the movement it generates in information networks." It also says that the "information society will replace . . . the liberal and Marxist ideologies." And so on.

Such things are easily said but, quite apart from their lack of rationale and credibility, what do they mean? What is "computerisation of society," what do we mean by "movement in information networks," what is the "information society"? Quite frankly we are in the land of gobbledegook.

Elsewhere we read that IBM "is now poised to invade the sphere of Government." It is surely just as logical (or just as ridiculous), using the energy analogy which the article uses to claim the same for GEC or the Central Electricity Generating Board (CEGB).

None of this would matter were it not that computers are still widely misunderstood and mistrusted and the fact that this is so is due in no small measure to the exaggerated claims that are so often made for them. The quotations are merely the latest in that vein. As such they can do nothing but confuse and mislead the reader about the potential of the computer and what is properly its supportive role in society.

P. M. R. Hermon,
White Flints, Quentin Way, Wentworth, Virginia Water, Surrey.

Inland Revenue systems

From Mr. C. Dilloway

Sir,—The national vice-chairman of the Tory Reform Group (July 28) is right to attack the fact that the present PAYE system is being computerised as it stands but quite wrong to make the Inland Revenue the target of her criticism.

The greatest wrong of our tax system is the schedules. What can be more ridiculous than to have separate rules and therefore separate staff to deal with various parts of an individual's income. The rules are made by Parliament and the will has to come from there if change is to be made.

The report "PAYE—possible future developments" was not the cornerstone of computerisation but a planning document of what the system would not do but might be called on to do in the future. It covers all the points made by your correspondent and much more besides.

It is easy to criticise the length of time it takes to implement a computer system successfully. These things are not that easy, witness the missile alerts and Swansea. The annual PAYE cycle in tax offices covers about 18 months and there is no question of saying that the teething problems are removed without going through a full cycle.

Improvements in the tax system there will be but not please by a Tory Government once more stopping the plans for computerisation.

Cliff Dilloway,
"Highcroft," Gunhouse Lane, Bowbridge, Stroud, Gloucestershire.

Good and bad monetarists

From Mr. G. Rippon, QC, MP

Sir,—Mr. Samuel Brittan in his stimulating article (July 31) explains why he is "still a monetarist." So am I—in the sense that I believe that Government must not devalue money by continually increasing the amount in circulation to finance public expenditure without taxation. I also hold strongly to the truth that there is no choice between inflation and unemployment. If we fail to curb inflation further unemployment is inevitable. Today one man's pay rise is not just another man's price rise—it may well be another man's job.

The difficulty is that current political debate is distorted, as Mr. Brittan implies, because "monetarism" is such a "bad label." As a result anyone who offers a criticism of present Treasury management is apt to be termed a "neo-Keynesian" or, worse still, "a wet"! So it would indeed be better, as Mr. Brittan suggests, to substitute the term "market economics."

It is then possible, without misinterpretation, to argue that present Treasury thinking is distorting the market by pursuing a bad "monetary approach to inflation." It is in that sense encouraging to note that Mr. Brittan finds the Bank of England "profoundly non-monetarist." Post-war history has indeed demonstrated that where the Treasury and the Bank of England disagree, the Treasury is invariably wrong. When they agree they are usually both wrong.

Such criticisms as I have of the Government's policies are not directed against its admirable strategy but against the methods by which the Treasury is attempting to implement it. It is a distortion of "market economics" to fix interest rates so high that they fuel inflation, create an artificial exchange rate and boost public debt. The Government is in the market and a part of market forces in the most direct way. It determines minimum lending rate; it is responsible for the limits of public sector pay; it fixes cash limits for the nationalised industries; and it is a major purchaser of buildings, goods and services. All this has a direct influence upon—and to a large extent dictates — what happens in the private sector.

The Treasury has tended to take the view that increases in wages and salaries do not directly affect inflation, which can and must be controlled predominantly by restricting the money supply. The Prime Minister—as her attitude to the Clegg Commission and the Boyle Top Salaries Review body demonstrates—clearly takes a less doctrinaire attitude and believes—as I do—that the Government must set an example and lay down guidelines in the public pay sector. This is a far cry from saying that the Government should attempt to do what it cannot do—and what it ought not to do—and that is to try and dictate the terms and conditions of employment of the whole nation.

No one calls Professor Friedman an "anti-monetarist." Where he disagrees, as I do, with the Treasury, is with respect to the role public sector borrowing requirement plays, among other reasons because he believes that interest rates should be left to the market to decide, not be manipulated. What matters is controlling total Government spending.

Professor Friedman has also criticised—as I do—the difference between our declaration of intent to reduce inflation and the offering of long-term Government securities at an interest higher than can be justified if we do in fact succeed in reducing inflation drastically. If we do succeed—as we must—then we will be saddled in future years with unnecessarily high payments. It is a salutary fact that the overall rate of interest on a national debt of now over £95bn, has increased from 4.5 per cent in 1970-1971 to 9.5 per cent in 1979-1980 and is expected to reach 10.4 per cent in 1980-1981—in other words an addition of over £900m a year to the public sector borrowing requirement for many years to come.

Professor Friedman has also emphasised—as I do—that controlling the money supply is not enough; politics is about more than economics. That is why we must be so concerned about present levels of unemployment. Quite apart from the serious social and human consequences even the most hard-hearted "monetarist" must be aware that each person out of a job is estimated to cost the community over £5,000 a year; and it may well be much more if all the factors of lost production and lost tax revenue are taken into account.

The real distinction is between good and bad monetarists. If one can only be a monetarist if one accepts official Treasury doctrine, then I must, I suppose join the Bank of England in being profoundly non-monetarist.

Geoffrey Rippon.
House of Commons, SW1.

Today's Events

GENERAL

UK: Government publishes codes of practice for trade union conduct.

Monopolies and Mergers Commission publishes report on Canadian Group's bid for Highland Distilleries.

Stock Exchange Council statement on "dawn raids."

Chloride Automotive Batteries announce a technical development.

Treasury and Civil Service Select Committee of the House of Commons publishes third report on monetary control; fourth report on civil service manpower reductions; and memoranda on monetary policy.

Overseas: Mr. Cecil Parkinson, Trade Minister, leading a team of UK businessmen, starts ten-day trade promotion visit to Chile and Argentina.

International Book Fair opens, Manila (to September 3).

PARLIAMENTARY BUSINESS

House of Commons: Lords amendments to Housing Bill. Horticulture and Agriculture Grant Orders. Capital Grant (Variation) Orders. EEC documents on fisheries.

House of Lords: Local Government, Planning and Land (No. 2) Bill, second reading.

Select Committees: Transport, on Roads White Paper. Witnesses: GLC, Room 17, 11 am. Foreign Affairs, on Brandt Report. Witnesses: Douglas Hurd, Minister of State at Foreign Office. Room 15, 5.15 pm.

OFFICIAL STATISTICS

UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-July). London clearing banks' monthly statement (mid-July).

COMPANY MEETINGS

Bristol Evening Post, Temple Way, Bristol, 12. Country Gentlemen's Association, Icknield Way West, Letchworth, Herts., 12.15. Stead and Simpson, Fosse Way, Syston, Leicester, 12. Sutcliffe Speakman, Midland Hotel, Peter Street, Manchester, 12.30. John Swire, Regis House, 43-46 King William Street, EC, 12. Turnbull Scott, Ironmongers Hall, Barbican, EC, 12.

COMPANY RESULTS

Final dividends: Centreway, Cowan, De Groot. F.M.C. The Hambro Trust. Hillards. W. E. Norton Holdings. Rotaprint. Unitech. Waring and Gillow (Holdings). Interim dividends: Davies and Metcalfe. Rentokil Group. Taylor Woodrow.

AAH up 33% to over £9m

FINAL-QUARTER taxable profits of AAH were marginally down at £2.61m, against £2.65m giving a total for 1979/80 of £9.07m—some 33 per cent higher than the previous year's £6.82m. Turnover for the year to March 31 increased 37 per cent from £264.74m to £336.36m.

In March, when reporting a 55 per cent rise in profits for 9 months, Mr. W. M. Pybus the chairman, said the same rate of growth could not be expected for the final three months, although results would be satisfactory.

He now says that while it is generally felt that the outlook for 1980, with growing signs of deepening recession, is for a very difficult year, the directors believe there will also be opportunities which they will seek to exploit. The group's policy, therefore, remains one of profitable growth.

"Our experience in the first three months of the current year has been reasonably satisfactory," he states.

A divisional analysis of the year's turnover and profits shows (with £000s omitted):—fuel distribution—solid fuel £188,674 (£165,368) and £3,739 (£3,045); oil £46,100 (£32,267) and £2,546 (£661); builders' supplies £38,634 (£26,878) and £1,707 (£979); pharmaceutical supplies £29,798 (£23,156) and £856 (£1,228); engineering £9,133 (£7,367) and £871 (£951); agricultural supplies and services £4,630 (£3,852) and £114 (£368); road haulage £11,769 (£9,324) and £1,097 (£662); miscellaneous £7,631 (£8,632) and £126 (£117).

Earnings per 25p share, before extraordinary items, are shown up to 27.2p (18.8p) or to 30.2p after the same. The dividend total is increased by 1.5p to 8.5p net, with a final of 5.024p.

Interest charge rose from £1.2m to £1.98m but tax, with SSAP 15 adopted, was lower at £2.6m (restated £2.68m). Minorities, including profits attributable to NCB, took £2.57m (£1.44m). There was an extraordinary credit of £426,000 this time, representing the company's profits share on the sale by Inter-Continental Fuels of its interest in the Queensland Coking Coal project.

Retained profits emerged £1.4m higher at £3.06m.

Mr. Pybus says the group's policy over the past 15 years of expanding its solid fuel interests has been justified throughout the period by the increased profits earned virtually every year by solid fuel.

Recent developments in world energy markets confirm the wisdom of the company's policy and it intends to take maximum advantage of all satisfactory opportunities which occur to increase its share of the solid fuel market.

With no shortage of product, margins from fuel oil are now contracting, and there is some move back to the position prior to the Iranian cutback. While the group does not foresee a return to the uneconomic trading conditions of the past, it does not expect profit performance in the future to be on the same scale as the year under review.

However, it remains confident that oil distribution will continue to make a valuable contribution to profits and it is continuing to expand its network of depots which now covers a large part of the UK.

The group looks confidently for further growth in its builders' supplies activity and continues to be keen to expand by acquisition as well as by internal growth.

Road haulage is a strong contributor to group profits and it is intended, on a strictly selective basis, to continue to develop and expand this activity.

In the pharmaceutical supplies division, the group continues to be confident that a satisfactory return on capital and turnover will be obtained when trading returns to a sensible basis, following the acute discounting competition suffered during the 1979-80 year.

Against a background of very depressed trading conditions and industrial disputes, the results from the engineering side are regarded as very creditable.

Steps are being taken to strengthen controls in agricultural supplies and services and a better performance is looked for in the current year, which the first few months trading would appear to justify, the chairman adds.

HIGHLIGHTS

Lex looks briefly at the shake-out in the markets ahead of today's banking figures and across the Atlantic the rise in Chemical Bank's prime rate. Official statistics on houses and mortgages yesterday confirm the recession facing the building industry though paradoxically the sector's price performance has been strong. The market gave a poor reception to the relisting of Rhodesian bonds following the settlement proposals. Lex comments and also looks at the decision by the Monopolies Commission to reject the Canadian takeover of Highland Distilleries.

● comment

The explosion in oil prices and the tight supply situation throughout most of 1979 was a major factor in AAH's 33 per cent pre-tax profits increase. In the past the company's fuel oil arm has been the victim of intense price competition which has taken the inevitable toll on margins. Last year, as prices shot up, margins did an about face and the benefit of higher oil prices was also felt by the company's solid fuel operation which did well early in the year thanks to substantial re-stocking. In the final quarter, however, there were already signs that margins were coming back under pressure and there seems little possibility that trading on the energy side of the business will be as easy in the current year unless there is a very severe winter. All AAH's activities are finding the going reasonably hard at the moment and the group will be doing well if it manages to achieve growth in the current year. One way in which it may, however, is through further acquisitions. It has just paid £800,000 for Colman Industrial Plastics and AAH is on the look-out for further buying opportunities. The company's gearing is minimal, the dividend is covered 2.5 times on reported earnings and the yield is 7.5 per cent. At 165p, down 5p, the p/e is a fully-taxed 13.2.

Jacksons Bourne End finishes well ahead

WITH TURNOVER higher at £5.62m, compared with £4.99m, taxable profits of Jacksons Bourne End, maker of components for the automotive, shoe and furniture industries, showed a substantial improvement from £176,000 to £332,000 for the year ended March 31, 1980. First-half profits had risen from £55,600 to £149,400.

In the current year, trading has been affected by the problems facing the industries that the company supplies, in particular the UK automotive and footwear manufacturing industries.

Operations in the first quarter have been at a reduced level and trading is likely to become more difficult before it improves.

However, the group is in better shape to cope with this situation now that the Board Mill has been closed and its expense eliminated.

A final dividend of 3p net raises the total payment from 3p to 5p per 25p share.

After-tax profits were ahead from £112,000 to £175,000.

Recession forces Burrell to call in receiver

Burrell and Co. has finally succumbed to the pressures of recession and price cutting in the international pigment market and requested Barclays Bank to appoint a receiver.

The bank has informed Burrell that it has appointed Mr. Ian McIsaac to act as receiver to the company and two principal subsidiaries, Burrell Colours and Burrell Colours (Stockport).

The board, headed by Mr. Michael Ashworth, explained yesterday that it "felt obliged to take this action in view of the severe liquidity problems faced by the group and after the directors had explored all available possibilities of sale of part of the operations of the group or of the whole of the issued share capital."

At the company's request, the shares were suspended at 6½p.

Burrell has been in loss since 1977 and last year incurred a deficit of almost £800,000 despite prolonged slimming and is in the process of moving its main offices to within factory premises at Stratford, East London. It employs around 350 people and net worth in the December, 1979, balance sheet was £4.8m.

Mr. McIsaac expects to be able to decide within the next week or so whether the business can be continued and will be discussing the possibility of selling the group as a going concern with a number of interested parties.

At the annual meeting in June, Mr. Ashworth reported that the directors had expected to reduce previous losses substantially in the first quarter, to break even in the second and improve progressively from there on.

The first three months had gone exactly according to plan, he added. During the second quarter, however, UK trading conditions had deteriorated suddenly and rapidly.

The company sold nearly the same volume of goods as last year during the first quarter. In the second quarter, it could well be down by more than 20 per cent, he said.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AAH	5.02	Oct 13	3.95	8.5	7
Coghlans	12.5	—	15	12.5	15
Ellis and Everard	4	Oct. 3	3.5	6.5	5.75
Gnome Photo	4.15	—	4.15	4.15	4.15
Jacksons Bourne End	3	—	3	5	3
Owen and Robinson	14	—	10	20	16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Plessey confident of improvement

The directors of the Plessey Co. remain confident that the group can look forward to a continuing improvement in efficiency and profitability, Sir John Clark, chairman, tells members in his annual review.

As known, this telecommunications, electronics, aerospace and engineering group increased its final quarter profits from £13.9m to £24.66m, and lifted the surplus for the March 31, 1980 year to £60.09m (£46.55m). Turnover expanded from £684.3m to £751m and the dividend is stepped up to 6.938p (6.307p) per share.

Sir John states that the group's technology is excellent, the telecommunications business is now well set to take advantage of a much-improved product line in the new technologies, and the regrouping of materials and microelectronics into a new solid state division is progressing under good management.

Electronic systems, aerospace, mechanical engineering and discrete components, "are at full pressure," he adds.

In order for the group to remain in the "vanguard of technology" £135.79m (£93.82m) was spent on research and development during the year, and it will continue to invest on a substantial scale to ensure its future, the chairman says.

On a CCA basis profits are reduced to £31.7m, against £18.4m, after working capital adjustment of £18.2m (£11.7m), additional depreciation £15.3m (£13.4m) less gearing of £6.8m (£5.2m).

Balance-sheet shows shareholders' funds of £247.8m (£235m), and loan capital and other long-term borrowings of £32.67m (£39.54m).

Accounts also show the chairman's emoluments at £98,722 (£92,559), and the highest paid director £133,944 (£93,884).

Meeting, 21, Millbank, SW, on August 28, noon.

Rights results

The two-for-seven rights issue by Thurgar Bardex has left Equity Capital for Industry (ECI) with a stake of 10.9 per cent in the capital of the company.

Certain holders of the company's shares agreed to renounce their rights in favour of ECI and acceptances were received for 70.8 per cent of the shares offered. ECI, which underwrote the issue, subscribed for 179,491 of the 2.93m shares offered. The balance has been sold in the market.

Acceptances have been received in respect of 97.63 per cent of the shares offered by Crest Nicholson. The one-for-four rights issue raised around £2m to finance the purchase of a 90 per cent stake in two private Glasgow companies.

The two-for-five rights issue by Clive Discount found acceptances for 97.6 per cent of the shares offered. The issue raised around £2m.

Mr. Raper arrested in Bangkok

Mr. James Raper, a former chairman of Saint Piran the controversial tin mining and property group, was arrested in Bangkok last Thursday on charges of embezzlement.

Mr. Raper, who is chairman of Fairmont State, a Thai-registered company and an associate of Saint Piran, was arrested 10 minutes before Fairmont's annual meeting took place.

The meeting was expected to be crucial in the battle for control of Fairmont between Saint Piran, in which Mr. Raper and associates are alleged to hold a 37 per cent stake, and Siam Vidhya, a Thai family company.

Two of the company's six directors were to have been chosen at the meeting but it was adjourned when representatives of the Siam Vidhya group failed to turn up and the necessary 50 quorum was not reached.

To secure a majority both sides are expected to try to capture the vote of Merlin Hotel, a dormant subsidiary of Fairmont which holds 18 per cent of Fairmont's shares. Under the company's articles the adjourned meeting must be held within 14 days regardless of quorum.

Last week the Hong Kong Securities Commission announced that it had dropped charges against Charnwood, a local company, for failing to disclose correct information in relation to shareholdings in Saint Piran. Similar charges against other companies are to be heard in November.

Saint Piran has been under investigation by the Department of Trade for the past seven months. Its shares were suspended on May 20—for the second time in six months following the failure by Gasco Investments to mount a full bid for the company.

The Takeover Panel regards Gasco, whose chairman is Mr. Raper and managing director Mr. Malcolm Stone (who is also chairman of Saint Piran), as having acted with Aerolloeas Cordoba of Panama and Ruffec of Luxembourg in building up a 37 per cent stake.

Coghlans climbs to £0.27m

PRE-TAX profits of Coghlans, manufacturer of bright steel and hot rolled bars, climbed from £94,480 to £268,895 in the year to March 31, 1980, after advancing from £10,084 to £206,427 at halfway. Turnover was up from £8.18m to £7.33m.

There was a tax charge of £177,659 (£4,025) and this includes an exceptional charge of £70,500. Stated earnings per £1 share are up from 52p to 56p, but the dividend is cut from 15p to 12.5p.

Mr. H. St. J. Coghlan, the chairman, says that the fall-off in demand throughout the steel industry occurred at the start of the year and could continue for some considerable time. This obviously must have a serious effect, he states. For this reason, it was considered prudent to reduce the dividend to conserve funds and reflect the present difficult trading conditions.

WINDING UP

Compulsory winding up orders against Solent City Enterprises and K. P. Pneumatic Services have been made in the High Court.

A compulsory order made on Monday against Limehurst International Shipping and Forwarding was recalled, the company having already been wound up in a county court.

A compulsory order made on July 21 against Sonnyplaster was rescinded and leave given to amend and re-serve the petition on the changed registered office.

Gnome Photo profits downturn

PRE-TAX PROFITS of Gnome Photographic Products finished the May 31, 1980, year down from £419,040 to £343,076, on turnover behind at £1.42m, against £1.68m.

At the halfway stage the directors, who reported a £54,054 decline in profits to £197,746, said that public spending cuts were starting to take effect, and they felt it would be unwise to predict the full-year result.

The dividend for the year is maintained at 4.15p net per 10p share, and after tax of £149,877 (£210,726) earnings are shown as 7.682p (8.294p) per share.

Profits included interest and dividends received of £124,180, compared with £85,805, but there was an extraordinary debit of £41,330 for the period leaving the balance at £151,689 (£208,314).

Percy Lane to expand in France

Percy Lane Group is to acquire the factory, plant and machinery of Besnard et Cie of Vic-sur-Aisne, France, for FFr 3.35m (£349,000), of which FFr 1.12m is being paid on signing of contracts. The balance will be paid after 12 months.

Besnard manufactures windows and components for the caravan and motor industries. The acquisition will give Percy Lane easier access to supplying French caravan manufacturers and will help the sale of other group products in the French market.

The tangible assets being acquired have been valued at FFr 4.15m, including freehold land and buildings. During the year to December 31, 1979, Besnard had sales of FFr 10.2m and traded at breakeven before interest charges.

Computer Technology rises to £0.58m

INCREASED taxable profits of £581,000 for the year ended March 30, 1980, against £544,000 previously, are reported by Computer Technology, a private company which designs, manufactures, markets and services information processing systems and provides software support.

Turnover rose from £6.77m to £7.36m. Tax took £20,000 (£6,000).

Mr. J. de R. Richardson, chairman, says the directors expect strong increases in revenue in the 1980s but believe they must continue to invest current income in new product development and marketing to secure future growth.

At the same time as strengthening the basic business at Hemel Hempstead, the company is diversifying by establishing a new product development team with the aim of developing a range of office equipment.

Since the year-end, 55 per cent of the company has been acquired by Mr. C. A. Davies, deputy chairman, and the major shareholders, which are Technical Development Capital, Savoma SA and Pergamon Press.

Part of the arrangements for this move include a proposal to reorganise the company's structure, whereby it will become a holding company and operating subsidiaries placed under it. One of these will be based upon the current operations accounted for in the figures reported.

Inchcape gets boost from its Singapore offshoot

A BUOYANT motor vehicle market has resulted in first half pre-tax profits of Inchcape Berhad (Singapore) soaring by 161.5 per cent to S$59.1m from turnover up 46 per cent to S$669.9m.

The company, a subsidiary of the London-based Inchcape and Co., is raising its gross interim dividend from 4 per cent to 10 per cent.

The Board says the buoyant conditions prevailing in the latter half of 1979 continued through the first half of 1980 and assisted overall results in the six months to June 30. The motor group had the additional benefit arising from an improved share in an expanding market, particularly in Malaysia.

The majority of the marketing, distribution and service companies exceeded budgeted expectations, but timber income declined, as expected.

Second half pre-tax profits are expected to be similar to those of the first half, although they may be affected by recessionary conditions applying in other areas.

Minorities accounted for S$200,000 (S$800,000) and there were extraordinary losses of S$600,000 (S$300,000 gains).

RESULTS AND ACCOUNTS IN BRIEF

PHILIP HARRIS (HOLDINGS) (scientific apparatus manufacturer)—Results for year to March 31, 1980 already known. Historical profit of £411,000 (£1.15m) reduced to £22,000 (£0.52m) on CCA basis. Shareholders' funds £3.08m (£2.79m). Cash in hand £4,000 (same). Overdraft £1.12m (£558,000). Meeting, Penns Hall Hotel, Sutton Coldfield, West Midlands, August 20, noon.

HAZLEWOOD FOODS (vegetables processor, sauces manufacturer)—Results for year to March 31, 1980, already known. Shareholders' funds £2.65m (£2.08m). Secured loans £886,787 (£458,483). Bank balances and cash £54,334 (£2,459). Secured overdrafts £1.16m (£667,705). Stocks £3.29m (£1.81m). Meeting, Derby, September 17, noon.

CARCLO ENGINEERING GROUP (card clothing, wire and engineering products)—Results for year ended March 31, 1980, already reported with prospects. Shareholders' funds £9.2m (£4.29m). Cash £1.79m (£0.74m); bank borrowings £4.1m (£1.35m); bank loans £1.32m (nil). Meeting, Huddersfield, September 4, 3 p.m.

WOOD & SONS (HOLDINGS) (earthenware and packing materials)—Results for 1979 with prospects already known. Shareholders' funds £1.76m (£1.9m). Medium term loans £321,875 (£350,000), unsecured loans £353,901 (£1,433). Bank overdraft (secured) £850,892 (£531,692). Meeting, Stoke-on-Trent, August 20, noon.

BURTONWOOD BREWERY COMPANY (FORSHAWS)—Results for year to March 31, 1980, reported July 2. Shareholders' funds £7.99m (£7.01m). Loans £1.01m (£1.06m). Bank balance and cash in hand £589,000 (£562,000). Meeting, the Brewery, Burtonwood, near Warrington, Cheshire, August 21, 11 am.

AMALGAMATED DISTILLED PRODUCTS—Results for year to March 31, 1980, already reported with prospects. Shareholders' funds £4.05m (£3.88m). Bank overdrafts (secured) £1.39m (£839,000). Reserves £3.3m (£3.22m). Meeting, Edinburgh, September 18, at noon.

MOORGATE INVESTMENT COMPANY—Results for year ended May 31, 1980, already known. Chairman says revenue estimates for this year show an improvement on 1979-80, and he is confident that company will be able to recommend a further increase in dividend. Listed investments at mid-market value in UK £5.4m (£3.74m), overseas £296,108 (£461,048); unlisted £270,970 (£87,725). Ordinary shareholders' interest £5.84m (£5.96m). Meeting, 1, Brewer's Green, SW, September 9, at 4 pm.

MONTAGUE L. MEYER (timber merchant)—Results for the year to March 31, 1980, reported July 16, with chairman's remarks for the future. Group fixed assets £75.44m (£42.66m). Net current assets £56.38m (£47.83m). Current cost operating profit £9.4m. Meeting, Charing Cross Hotel, WC, at

COURTS (FURNISHERS)—Results for year ended March 31, 1980, with prospects reported July 9. Shareholders' funds £19.37m (£17.12m). Mortgages and long-term loan £499,000 (£687,000). Bank loans and overdrafts £5.44m (£5.17m). Cash and bank balances £839,000 (£713,000). An internal professional revaluation of group properties shows surplus over book values of £9.05m (£9.83m), which is not incorporated in accounts. Meeting, Morden, Surrey, September 10, 11 am.

JITRA RUBBER PLANTATIONS (investment company)—Market value of investments at June 30, £5.22m (£3.42m).

INVESTMENT TRUST OF GUERNSEY—Net asset value 238p per share, as at July 28, 1980.

COCKSEDGE (HOLDINGS) (structural and mechanical engineering, steel stockholding)—Results for year ended March 31, 1980, already known. Shareholders' funds £2.43m (£2.76m), cash £10,958 (£319,730), bank overdraft £389,257 (nil). Meeting, Ipswich, August 28, at noon.

UNITED GAS INDUSTRIES—Results for year ended March 30, 1980, reported July 11. Chairman says that despite recession in UK he has no misgivings about the company's long-term future. Shareholders' funds £13.43m (£10.45m). Debenture and other loan capital £3.52m (£4.17m). Bank balances, cash and deposits £72,000 (£308,000). Bank overdrafts £2.68m (£0.64m). Meeting, Connaught Rooms, WC, September 11, noon.

INITIAL SERVICES (towel hire and laundering group)—Results for year to March 31, 1980, already known. Shareholders' funds £59.58m (£53.88m); bank overdrafts £2.11m (£1.98m); loans £12.58m (£14.43m). Historical pre-tax profits of £15.06m reduced to £11.2m on CCA basis. Chairman says he is hopeful that the improved results obtained so far this year can be maintained over the year as a whole. Meeting, Connaught Rooms, Great Queen Street, WC, August 28, 12.15 pm.

SPAIN

August 1	Price %	+ or −
Banco Bilbao	228	
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	138	+2
Banco Vizcaya	236	
Banco Zaragoza	211	
Dragados	85	
Espanola Zinc	63	+1
Fecsa	61	+0.3
Gal. Preciados	24	−1
Hidrola	65.7	+0.2
Iberduero	51	
Petroleos	117	−2
Petroliber	87	
Sogefisa	107	
Telefonica	64	+1
Union Elec.	66.2	+0.7

UK COMPANY NEWS

Ellis & Everard grows by 46% on sales up £6m

ON SALES up by 27 per cent from £22.13m to £28.32m, taxable profits of Ellis and Everard expanded to £1.54m for the year ended April 30, 1980, compared with £1.05m, a rise of 46 per cent.

Mr. Simon Everard, chairman, says that subject to reasonable economic conditions, he sees no reason why the solid and profitable base the group has established in the field of industrial chemical distribution, cannot be used "as a platform for continued market penetration."

He adds that sales for the current year are slightly ahead of the same period in 1979, but are not up to forecast levels.

At halfway, with profits increased from £546,000 to £885,000, the directors were confident that full-year figures would show a satisfactory advance over 1979/79.

	1979-80 £000	1978-79 £000
Turnover	28,227	22,129
Profit	1,826	1,250
Interest	286	199
Pre-tax profit	1,540	1,057
Tax	812	127
Net profit	728	924
Extraord. credit	—	84
Attributable	728	1,008
Dividends	460	383

Profits for the year were struck after interest, up from £199,000 to £286,000, and were subject to tax, much higher at £812,000 compared with £127,000—last time substantial tax relief (about £400,000) was obtained through greatly increased stocks being held at the year-end.

Pre-tax earnings are well ahead at 22.9p (15.8p) per 25p share, but the after-tax figure is shown as 10.8p against 13.9p.

The dividend, however, is stepped up to 6.5p (5.75p) net with a final payment of 4p.

After tax, and an extraordinary credit last time of £84,000, the attributable balance came through at £728,000 (£1.01m) out of which dividends will absorb £460,000 (£383,000).

● comment

The market is fully aware of the cash flow and return on capital employed benefits of distribution vis a vis manufacture and it is no surprise that a chemical distributor such as Ellis & Everard should be rated on a fully taxed p/e of almost 13 at 136p, up 8p, to offer no more than an average yield of 7 per cent. The 46 per cent pre-tax increase has beaten earlier forecasts with something to spare and, while trading in the current year is a little under budget, exports have help up tolerably well as have sales generally given that there is now almost no inflationary element in turnover. Ellis acknowledges that its branch expansion is nearly complete so current trading will be dominated by the need to maintain and expand market share. The difficulty here is that the opening of a number of small accounts will not necessarily prove cost effective and the share price is looking to further profitable acquisitions. Domestic Chemicals appears to have reached its target 20 per cent return on capital. The Widnes branch has come into profit unusually quickly and there is no reason to believe that recession will curtail the attractive buying opportunities available to a cash-rich, ever hungry, suitor.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Davies and Metcalfe, English and New York Trust, Rentokil, Taylor Woodrow.

Finals—Centreway, Cowan de Groot, F M.C., Hambro Trust, Hillards, W. E. Norton, Rotaprint, Unitech, Wagon Industrial.

FUTURE DATES

Interims—

East Lancashire Paper	Aug. 7
Horizon Travel	Aug. 12
Ladbroke	Aug. 27
Low and Bonar	Sept. 15

Finals—

Hallite	Aug. 11
Malayala Rubber	Aug. 14
N.M.C. Investments	Aug. 7
Smith Bros.	Aug. 6

Mr. Simon Everard, Ellis and Everard chairman, who yesterday reported profits up 46 per cent to £1.54m.

Midyear loss for Mole

A LOSS of £65,333 is reported by M. Mole and Son for the first half of 1980, compared with a profit of £11,583 last time. Again no tax is payable. Turnover of this manufacturer of hand tools and television equipment rose slightly from £924,000 to £953,196.

Trading remains at a low level and while costs are being controlled wherever possible, the group continues to suffer from high interest rates and the strength of sterling.

In the last full year, the company suffered a pre-tax deficit of £150,621.

Decline at Rock Darham

Reflecting the costs of stock removal change of warehouse and high interest rates, profits of Rock Darham were £172,219 for the first half of 1980, against £260,016 for the previous nine months, on turnover of £1.05m, compared with £1.25m.

The directors of this investment holding concern, with interests in motor and engineering parts, air purification, say that current trading is very satisfactory.

There was no tax for the six months (£1,945 for nine months) after which earnings are shown as 2.47p per 10p share against 3.71p.

The company, formerly Bank Bridge Group, changed its name in July, 1979. Rock Motor Parts was acquired in April, 1979, and F. J. Dale Air Conditioning—now called Rock Darham Air Conditioning—in November.

Ropner in $20m deal for carrier

Ropner Shipping Company, a subsidiary of Ropner Holdings, has contracted to build a dry cargo bulk carrier of 43,800 tonnes deadweight with Eleusis Shipyards S.A., at a price of U.S.$20m with the benefit of a 10-year loan subsidised by the Greek government.

Delivery is expected to be around the end of 1981 and early 1982. The ship is of a size and specification similar to "Stonepool," which is now 14 years old.

British Shipbuilders were approached but were unwilling to quote for the building of a ship of that size.

Marshalls Halifax starts well but warns of slackening demand

The current year started well for Marshalls (Halifax), engineering and concrete group, with sales and profits ahead of last year, but Mr. David R. Marshall, chairman, tells members in his annual review that there are ominous signs of slackening demand which cannot be ignored.

"Undoubtedly the outlook for profits is uncertain in the immediate future and it is impossible to make any sensible forecast," he states.

He is confident that management at all levels is well able ot make the most of "unsavoury circumstances," and says that directors are taking the opportunity to improve efficiency, maintain competitive edge and increase the group's market share wherever possible.

As reported on June 23, a sharp fall in the engineering division was more than offset by a strong performance in the concrete sector, which helped the group to push up taxable profits by 20 per cent to £3.2m for the year ended March 31, 1980. The dividend is increased by the same amount to 9p (7.5p) net per share.

Group borrowings increased during the year due to expenditure on plant and building of £4.2m (£2.3m) on plant and building, and an extra £2.72m (£994,000) on working capital—there was a £1.42m decrease (£206,000 increas) in net liquid funds—which resulted in high interest charges, up from £366,000 to £854,000.

Balance-sheet shows shareholders' funds of £17.12m (£13.04m), debentures and loans £4.04m (£1.5m), and bank overdrafts of £3.71m (£2.3m).

Meeting, Halifax, September 1, at 2.30 pm.

Routledge expects greater profitability from U.S.

The directors of Routledge and Kegan Paul, book publisher, expect sufficient growth in market to give a greater profitability from the U.S. side, despite the weakness of the dollar and the relative smallness of the profit brought back, Mr. Norman Franklin, chairman, tells members in his annual review.

The U.S. is regarded as one of the important areas for the company's development.

As reported on July 10, taxable profits for the March 31, year fell from £367,587 to £241,492 on turnover up by 10 per cent to £4.14m—turnover from the U.S. side expanded by 30 per cent.

Mr. Franklin says that the bookshop made a larger contribution to profit in 1979-80, through increased business to overseas libraries, and the company continued to develop the storage and distribution company, to ensure the buildings at Henley are fully utilised.

As at March 31, shareholders' funds totalled £2m against £1.78m, cash at bank was £28,066 (£31,656), and bank overdraft stood at £564,516 (£344,520).

Camellia Investments held 33.1 per cent of the equity, as at July 9.

Meeting, Henley-on-Thames, September 25, 12.45 pm.

FIRST GUERNSEY

Total net assets of First Guernsey Securities Trust reached £986,124 as at June 30, 1980, compared with £906,175 six months earlier. Net asset value per £1 share rose from an adjusted 181p to 197p.

Dividends and interest received, less bank interest, totalled £17,482 for the six months, against £34,717 for the previous full year.

Western Board little changed at two months

The first two months of the current year at Western Board Mills, the Pontypridd board manufacturer, showed results almost identical to the corresponding period of last year, Mr. H. H. Vogel, the chairman, says in his annual statement.

However, he says it is impossible to make a forecast at present as there are too many uncertainties on the economic horizon.

For the year ended March 31, 1980 pre-tax profits increased from £1.2m to £1.4m on turnover of £3.72m (£3.41m)—as reported July 17.

At balance date, shareholders' funds were ahead from £2.78m to £3.2m. Short-term deposits, bank balances and cash totalled £527,917 (£569,561).

Meeting, Cardiff, September 23, noon.

RIT to keep up expansion pace

EXPANSION of UK and overseas interests will be one of the aims of Rothschild Investment Trust during the 1980s, says Mr. Jacob Rothschild, the chairman.

The directors have set themselves the objective of making the 1980s as significant in terms of development to the company as the previous decade has been. With the added dimension which the abolition of exchange control has given the company, they are confident of being able to achieve their objectives, the chairman says in his annual statement.

A number of important strategic steps were taken in the year ended March 31, 1980, when pre-tax profits reached £7.6m (£5.75m) as known.

The company entered into a working relationship with Reliance Group, of America. Reliance subscribed for new shares in Hume Investment Trust shortly after RIT had acquired the controlling interest in this company, as a result of which RIT owns 60 per cent and Reliance 40 per cent of Hume.

Hume used part of its resources to buy Dawnay Day Group, principal assets of which include Target Life Assurance and Target Unit Trust.

"We intend to develop these interests energetically," the chairman states. By Hume subscribing £2m of new capital to Target Life to increase its capital to £3m, RIT believes Target Life will be able to carry out its plans for expansion more effectively.

In the unit trust field, Target's position has been strengthened by the unitisation of the Carliol and Tyneside Investment Trusts, assets of which amounted to £30m.

RIT's total net assets stood at £164.28m (£105.64m) at the year-end. Target Life currently has some 157,000 policyholders with sums assured of £98.4m and a life fund of £49m. There are 75,000 Target unitholders whose funds under management top £151m. The Anglo Leasing subsidiary has about 40,000 agreements outstanding with a total book value of £26m.

Total portfolio investments were up from £83.35m to £88.39m at balance date, of which £68.06m (£63.82m) were listed at market value in Britain and £18.79m (£12.92m) unlisted at directors' valuation.

Shareholders' funds totalled £96.74m (£87.3m). Loan and debentures stocks were £3.07m (£3.1m), foreign currency loans £7.8m (£4.67m), and medium-term loans £32.4m (£7.3m). Overdrafts and short-term loans were up from £8.11m to £29.38m.

Cash and deposits amounted to £29.99m (£8.03m). Gold coins with a book value of £1.98m showed a market value of £5.34m (£2.86m). Investment properties totalled £5.41m (£43,000).

Meeting, Founders Hall, EC, on September 15 at 11.30 am.

Recovery at Owen & Robinson

Despite a slight fall at midway, from £12,020 to £11,253, pre-tax surplus of Owen and Robinson, jeweller and silversmith, finished the May 31, 1980 year ahead at £85,272, compared with £49,303.

And the dividend is boosted by 25 per cent to 20p (16p) net per £1 share with a final payment of 14p.

Turnover amounted to £1.27m against £1.13m, and after tax of £35,420 (£4,336) net profit came through at £49,852 (£44,967). Earnings per share are shown as 69.12p compared with 62.14p.

Hopkinsons shows £1.6m CCA deficit

On a current cost basis Hopkinsons Holdings fell from a £6,000 pre-tax profit into a £1.63m loss for the year to February 1, 1980. As known, historic profit was down from £2.3m to £1.57m.

In his annual report the new chairman Mr. F. R. Bentley, says that the recent domestic strike at Hopkinsons Limited had significant effects on the company. But he adds that an order book, which must be judged satisfactory on any circumstantial test, should lead to productivity benefits for the reduced workforce, and to profitability to service the business and the capital committed.

He says the order books and activity levels of the company's two main subsidiaries, J. Blakeborough and Sons and Bryan Donkin Company, are "a source of comfort in these days."

Meeting, Huddersfield, August 22, at noon.

Redemption Notice

Hamersley Iron Finance N.V.

9½% Guaranteed Debentures Due 1985

Unconditionally Guaranteed as to Principal and Interest by

HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1970 under which the above-described Debentures are issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on September 1, 1980, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, $612,000 principal amount of Debentures of the said issue.

The Debentures called for redemption, each in bearer form with coupons attached, and each of $1,000 principal amount and bearing the prefix letter M, are:

All Debentures bearing numbers ending in the digit 2, which Debentures lie in the range 000002 through 011462, inclusive.

The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the Multinational Corporate Bond Services Department of Citibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street—5th floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt (Main), Geneva, London (Citibank House), Paris, and the main office of Banque Générale du Luxembourg S.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with, a bank in The City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due September 1, 1980 should be detached and presented for payment in the usual manner.

For HAMERSLEY IRON FINANCE N.V.
By CITIBANK, N.A.
Trustee

July 29, 1980

NOTICE

The following Debentures previously called for redemption through the operation of the Sinking Fund have not as yet been presented for payment.

DEBENTURES CALLED SEPTEMBER 1, 1973

1332 2610 3698 8537 8539 10755 10795 10799 13937 13940 13944 14326 17054

DEBENTURES CALLED SEPTEMBER 1, 1974

178 1515 2267 4058 4216 7499 10052 10330 13592 13741 13767 16340 17635 18594 19123 19985
366 1921 2278 4066 4237 10050 10056 12289 13594 13745 13857 16674 17537 19103 19130

DEBENTURES CALLED SEPTEMBER 1, 1976

728 1847 9809 10011 11001 11958 13208 13709 15416 19173
776 9039 10008 10020 11405 12788 13258 14214 16644 19790

DEBENTURES CALLED SEPTEMBER 1, 1977

1354 8418 12786 16172 16704 16976 17528

DEBENTURES CALLED SEPTEMBER 1, 1978

742 4247 4248 9709 9974 16636

DEBENTURES CALLED SEPTEMBER 1, 1979

739 2229 3019 3681 5781 7229 9429 9719 10219 11129 14129 18181 19129
863 2363 3563 5281 7119 7529 9681 9929 10581 13981 16163 17463 19763

MINING NEWS

McIntyre profits

CANADA'S major coal producer, McIntyre Mines remains well ahead of last year with first-half 1980 earnings of C$35.1m (£12.9m), equal to C$9.74 per share, compared with C$19.7m in the same period of last year, reports John Soganich in his latest Canadian news round-up from Toronto.

The latest profit includes the company's proportion of the earnings of the 37 per cent-owned Falconbridge Nickel and the 36 per cent-owned Madeleine Mines. McIntyre, which lifted profits from its coal operations to C$2.3m, is controlled by the U.S. Superior Oil group.

Meanwhile, Falconbridge and United Keno Hill report "interesting copper mineralisation" in a joint venture on the Stu claims, some 37 miles north of Carmacks in the Yukon. Discontinuous copper-bearing zones were intersected by 28 drill holes, two of which cut 45 feet of mineralisation assaying 3.44 per cent copper and 3.53 per cent, respectively, while a third gave 2.8 per cent over 40.4 feet.

Despite a lower second quarter profit, Bethlehem Copper's first half total has risen to C$5.8m from C$4.5m a year ago. The regular quarterly dividend of 15 cents, payable on September 15, is to be accompanied by an extra 10 cents.

The uranium-producing Denison Mines has lifted its first half cash flow to C$58.7m from C$43.1m while capital spending has reached a record C$163.3m. The company has reached its peak spending period based on the programmes committed during the past three years, but this could be dwarfed if the Western Canadian coal projects get the go-ahead.

Cominco's Vestgron Mines attributes sharply reduced first-half earnings and sales to the lower price of lead and the unexpected delay of a zinc shipment occasioned by ice damage to a ship en route to Marmorilik in Greenland. The zinc shipment has been made in the third quarter. First-half profits have fallen to C$1.5m against $14.6m a year ago.

First-half net profits of Placer Development, have increased 35 per cent to C$49.3m against $36.4m in the same period a year earlier. Its subsidiary, Gibraltar Mines raised profits in the same period to C$20.1m, or C$1.76 per share, from C$6.8m or 60c. The improvement, not directly comparable as the mine was closed till February 6, last year by a strike, reflects higher copper prices and increased sales of copper and by-product molybdenum.

First-half net income at Cominco's Pine Point Mines declined to C$11.7m or $2.58 per share from $22.7m or $5.03 per share in the same period of a year earlier. Sales revenue was down to $50m from $72.8m.

A cautious line from the tin producers

BY KENNETH MARSTON, MINING EDITOR

A CAUTIOUS line on earnings prospects for the Malaysian tin industry is indicated in the chairmen's statements from Berjuntai, the country's leading producer, Sungei Besi and Lower Perak.

Attention is drawn to the continued rise in operating costs, particularly of power, and the possibility of lower tin prices in the current half year as a result of the resumed sales of U.S. stockpile metal, the world recession and the projected surplus supply of tin concentrates.

It is also pointed out that Malaysia's 1980 budget introduced a cost-plus basis, with effect from last October, for calculating tin export duty but at the same time increased the upper rate of tin profits tax to 15 per cent from 12½ per cent. Overall, the budget has reduced Berjuntai's net profit for the year to April 30 last.

The company's production for the current year is expected to be marginally lower because of lower grade ground and the scheduled five-month shut-down of the No. 5 dredge for repairs and modifications. Thus, profits will be lower "unless the metal price increases appreciably."

Sungei Besi warns that its production and profits in the current year to March 31 are likely to be "much lower." This reflects declining operations at the Hong Fatt open-pit which is nearing the end of its life and the expected exhaustion this year of ore reserves at the Barrier Road Block, Lode plant tailings and Hong Fatt extension.

However, the No. 3/5 opencast is expected to make a substantial contribution to overall production. Meanwhile, the directors are "sparing no effort to identify and appraise opportunities for the investment of the company's resources."

Lower Perak expects to increase tin concentrate output this year as a result of dredging higher grade reserves. The company is part of the proposed six-company merger into an enlarged Malayan Tin Dredging.

ROUND-UP

A farm-in and joint venture deal is announced between CRA (formerly Conzinc Riotinto of Australia) and Australis Mining over 51 gold mining leases and 31 mineral claims in the Norseman area of Western Australia which Australis either holds or is in process of acquiring. CRA will manage the venture and can earn a 50 per cent interest by spending A$500,000 (£246,000) on exploration within three years and 60 per cent by spending A$800,000 within five years.

* * *

General Mining Union Corporation announces that it has raised its holding in Kanbym Investments (meat industry), to 51.1 per cent from 38.8 per cent and also raised that of Trek Beleggings (petroleum) to 51.9 per cent from 47.3 per cent.

* * *

Mining of lower copper orebody on the south side of the Nchanga copper open-pit in Zambia has started. It is expected to yield about 615,000 tonnes of copper over the next 13 years when the pit will reach its final depth of 473 metres.

OIL AND GAS NEWS

Woodada 2 acid stimulation delayed

BY GEORGE MILLING-STANLEY

ACID STIMULATION has been delayed at Strata Oil's Woodada No. 2 gas well in Western Australia's Perth Basin, as the equipment is not immediately available. Results of the reservoir cleaning and stimulation with hydrochloric acid solution are likely to be delayed for another week; until next Monday or Tuesday.

Three-inch production tubing and a christmas tree have been installed on the well, Strata said yesterday.

Woodada No. 2 was drilled to evaluate the extent of the Woodada No. 1 gas discovery, and flowed gas at a rate of 3.8m cubic feet per day in an initial drill stem test. After cleaning and stimulation with a 15 per cent hydrochloric acid solution, Woodada No. 1's initial flow rate was boosted from 1.2m cubic feet per day to 32.36m cubic feet, and industry experts expect similar results at Woodada No. 2.

Woodada No. 2 flowed gas at a surface pressure of 1,100 psi, just half the pressure of its predecessor, but this is probably attributable to the use of a much heavier drilling mud at the most recent well.

Strata has a 29.65 per cent interest in Woodada, and Hughes and Hughes, a private company from Houston, Texas, has 65 per cent. Hampton Trust of the UK has reached agreement in principle to take a 3.5 per cent stake in permit EP-100, in which the Woodada discoveries were made.

* * *

Oil has flowed from the Thomby Creek No. 2 well in the Surat Basin in southern Queensland at a rate of 360 barrels per day. Bridge Oil, the operator for the prospect, said that the flow was from an open drill stem test conducted over the interval 1,856 metres to 1,868 metres in the Showgrounds formation.

The well is very close to Thomby Creek No. 1, which was completed as a production well in November 1979 after flowing 513 barrels per day.

Crusader Oil has a 37.5 per cent interest, Moonie Oil 25 per cent, and Bridge Oil and Project Oil Exploration 18.75 per cent each.

* * *

The latest quarterly report from Weeks Petroleum, the Bermuda-based oil and gas exploration and production company, shows that the company spent A$813,386 (£406,000) on exploration and development in the quarter ended June 30.

One of the highlights of the report concerns Weeks' activities offshore Japan and Korea. A first well, which is expected to be drilled to a total depth of 13,500 feet, has been started on a 22,000 acre area. First results are expected in about two months. Weeks has a 6.89 per cent interest in the whole concession.

* * *

The Swan No. 2 well, offshore Northern Territories, Australia, has been temporarily plugged and abandoned after reaching a total depth of 13,322 feet, at which point the well was still short of the middle Jurassic sands which were its objective.

Abnormally high pressures and an increased gas content (which probably came from fractured shales) made it impossible to continue drilling with the equipment available. Weeks has a 6.25 per cent interest in the area.

In the U.S. Weeks has obtained additional acreage around its North Cowpeo Creek oil discovery in south western Louisiana, and is embarking on an exploration and development programme which, if successful, will eventually total 13 wells. Weeks has a 39 per cent stake.

Offshore Texas, Weeks has an interest in two platforms from which gas sales are expected to start during the third quarter.

* * *

The Hartogen Consortium expects that initial results of tests it is carrying out on the completed Lesueur No. 1 well will be available in about a week's time.

The well, in which Hartogen has a 45 per cent interest, is about 80 km south of the Tern gas find in the Joseph Bonaparte Gulf off Western Australia, and showed several low to moderate gas indications.

Final working interests in the well will be Australian Aquitaine Petroleum with 40 per cent, Alliance Petroleum International and the Otter group with 7.5 per cent each, and from the Hartogen consortium with 45 per cent.

The Hartogen consortium consists of Oil Investments with 32.5 per cent, National Mutual Life Association of Australasia with 7.5 per cent and Hartogen Energy with 5 per cent.

The Sungei Besi Mines Malaysia Berhad

(Incorporated in Malaysia)

Extracts from the Statement by the Chairman, Y.M. Raja Badrol Ahmad, for the year ended 31st March, 1980

Performance During the Year

The company achieved another satisfactory year, with production at 33,194 piculs compared with the 6-year high of 38,150 piculs in 1979. The decline in production was not unexpected since operations at Hong Fatt were very much scaled down because of the restricted area at the pit bottom and the need for extensive slope development before mining to a depth of RL-360 feet (about 470 feet below ground level). As forecasted in the last review No. 3/5 opencast was the major contributor to the overall production during the year.

Despite the decline in production, the mining profit of $20,579,000 was comparable with the previous year's mining profit of $21,821,000, a marginal reduction of 5.7%. This was largely due to a higher average net price received per picul of tin concentrate which, at $1,122, was 14.3% better than the average of $982 for the previous year. Interest receivable increased by almost 72%: $2,895,000 compared with $1,685,000 in the preceding period. Thus, the profit before taxation and extraordinary items at $23,474,000 was only $62,000 less than the previous year's profit of $23,536,000.

The net profit was $9,852,000 compared with $10,774,000 for the previous year, giving earnings per share of $2.39 (1979: $3.18).

Dividends

An interim dividend of 200 sen per share (1979: 170 sen), less tax at 40%, was paid during the year. Your directors have recommended the payment of a final dividend of 250 sen per share (1979: 350 sen), less tax at 40%, which, subject to your approval at the annual general meeting to be held on 29th August, 1980, will be paid on 2nd September 1980.

Projections for the Current Year

At Hong Fatt, recent investigations indicate that economic ore reserves persist below RL-360 feet. Mining operations on a reduced scale will continue until the end of the current financial year when the depth of the pit is expected to reach *RL-405 feet (about 515 feet below ground level)* and technical difficulties are then likely to preclude further ore extraction.

No. 3/5 opencast is projected to continue throughout the current year to make a substantial contribution to overall production.

The Barrier Road Block, Lode Plant Tailings and Hong Fatt extension are expected to close during the year as ore reserves are exhausted.

Total production and the mining profit in 1981 are forecasted to be much lower than that for 1980.

Developments During the Year

During the year, an agreement was concluded for the sale of the company's tin concentrate and associated minerals to Malaysia Mining Corporation Berhad (MMC). The new marketing arrangement has now entered its second year and your directors are of the view that the company has obtained higher prices for its tin concentrates than it would have achieved had it not been for MMC's direct involvement in the international tin trade.

The 1980 National Budget introduced, with effect from 18th October 1979, a "cost-plus" basis for calculating the tin export duty but at the same time the budget increased the upper rate of tin profits tax from 12½% to 15% effective from year of assessment 1980. Overall, the new budget has reduced the company's after tax profit for the year under review.

Operating costs, particularly the cost of power and other oil-related items, are rising and it is hoped that the government will take positive steps to review the rate of export duty in the light of the continuing increase in the cost of production.

Outlook

There has been limited progress on the alienation of the strip of land which was mentioned in the last review. As you will appreciate, the land is partly in the state of Selangor and partly in the Federal Territory and a number of public utility authorities are involved.

Your directors are sparing no effort to identify and appraise opportunities for the investment of the company's resources. As soon as concrete proposals have been formulated, the appropriate announcements will be made.

24th July, 1980

Copies of the report and accounts and Chairman's statement can be obtained from the Registrars, Pernas Charter Management SDN. Berhad, P.O. Box 936, Kuala Lumpur 01-02, Malaysia, or the United Kingdom Registrars' office at Charter House, Park Street, Ashford, Kent TN24 8EQ, and 40 Holborn Viaduct, London EC1P 1AJ.

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.300	3	11.50	—	—	—	—	F.310
ABN C	F.320	5	5.90	—	—	—	—	"
AKZO C	F.26	10	0.80	1	1	7	1.50	F.23.50
HEIN C	F.60	6	3.70	—	—	—	—	F.62.50
HEIN C	F.65	—	—	—	—	3	5.70	"
HOOG C	F.17.50	5	1	—	—	—	—	F.17.10
HOOG C	F.20	10	0.50	—	—	—	—	"
IBM C	$70	4	1¼	—	—	—	—	$64⅞
KLM C	F.60	31	7	—	—	—	—	F.66.80
KLM C	F.70	62	3	25	3.80	—	—	"
KLM C	F.80	43	0.80A	—	—	—	—	"
KLM P	F.60	27	2.10	4	4	—	—	"
KLM P	F.70	47	7.50	4	8.80	—	—	"
KLM P	F.80	13	16	—	—	—	—	"
NAT C	F.102.10	1	2.30	—	—	—	—	F.117.40
NAT P	F.104.60	3	0.60	—	—	—	—	"
NATN C	F.110	1	7.50	—	—	—	—	"
NATN C	F.120	—	—	5	3.90	—	—	"
NATN P	F.130	3	3.60	—	—	—	—	"
PETR C	Fr.5600	—	—	1	1.75	—	—	Fr.4810
PHIL C	F.17.50	50	1.90	—	—	—	—	F.18.20
PHIL C	F.20	10	0.50	30	0.80	14	1.10	"
PHIL P	F.17.50	15	0.30	—	—	—	—	"
PHIL P	F.20	18	1.40	—	—	—	—	"
POLA C	$25	2	4¼	—	—	—	—	$28⅝
OLIE C	F.140	2	27	—	—	—	—	F.166.50
OLIE C	F.150	49	17	—	—	—	—	"
OLIE C	F.160	133	8	10	9	—	—	"
OLIE C	F.170	184	3.10	50	3.20	—	—	"
OLIE C	F.180	23	1.30	13	2.30	10	4	"
OLIE P	F.150	55	0.20	10	1.60	—	—	"
OLIE P	F.160	70	3.50	10	4.10B	—	—	"
OLIE P	F.170	23	2.50	19	10	—	—	"
OLIE P	F.180	5	18.50a	1	18.60	—	—	"
UNIL C	F.110	—	—	1	16.60	—	—	F.118.80
UNIL C	F.120	2	4	—	—	1	2.50	"
UNIL C	F.130	10	0.30	40	1.10	—	—	"
UNIL P	F.110	—	—	12	1.30	—	—	"
UNIL P	F.115	2	0.20	—	—	—	—	"
UNIL P	F.120	27	2.80	—	—	—	—	"
		Aug.		Nov.		Feb.		
BOEI C	$40	—	—	1	6¼	—	—	$37¾
SLUM C	$120	3	8¼	5	13½	—	—	$127⅝
SLUM C	$130	—	—	10	7	—	—	"
VEBA C	DM.160	10	1.60	—	—	—	—	DM148.5
		Sept.		Dec.		Mar.		
GM C	$50	5	3¾	—	—	—	—	$52⅛

TOTAL VOLUME IN CONTRACTS 1482

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%, 1-month deposits 14¼%.

† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.

‡ Call deposits over £1,000 14%.

§ Demand deposits 14½%.

UK COMPANY NEWS

Redland optimistic for first half

FOLLOWING THE mild winter experienced across the whole of western Europe, compared with severe weather in 1979, the first half year's trading at Redland is viewed with considerable confidence, says Mr. C. R. Corness, the chairman, in his annual statement. The group is engaged in the manufacture and supply of materials and services to the construction industry.

Members are told that in the longer term, Redland's products will surely be needed and the group will benefit from its wide geographic spread and its financial strength.

For the year ended March 29, 1980 pre-tax profits climbed from £45.2m to £57.29m, on sales of £495.04m (£396.99m)—as already reported. Had the pound not strengthened against almost all foreign currencies last year, pre-tax profits would have been some £3.5m more.

The UK roofing tile division now derives nearly half of its sales from re-roofing, the waste transportation and disposal activities have reached a satisfactory level of profitability and the electronics businesses earn most of their profits from export sales, the chairman reports.

This year the UK demand situation is expected to deteriorate still further. Total construction expenditure is forecast to fall 5 per cent in real terms, while new house building is plummeting to its lowest level since the war.

Mr. Corness says that in these conditions, the group's only sensible course of action is to reduce capacity, streamline operations and cut costs, even where that necessitates redundancies.

If the Government implements its proposal to impose a restriction on local authority construction activity as the simplest means of containing public spending within the planned limits, the impact on the industry will be very severe, he warns.

In the U.S., record interest rates have depressed new investment, particularly housing, where commencements are expected to reduce in 1980 to about half the 1978 level.

In West Germany there are predictions of the economy turning down later this year, the chairman says, but modest growth can be expected in Australia although this will be offset by Monier's involvement in the U.S. housing market.

Meeting, Plaisterers Hall, EC, August 28, 12.15 pm.

Phoenix Mining up in half-year

On turnover of £855,684 for the half-year to March 31 last, Phoenix Mining and Finance made a taxable profit of just £535.

There is no comparison for the six months but for the whole of the year to September 30, 1979, the company incurred a pre-tax loss of £16,164 from turnover of £1.59m.

Last March the new directors said there were some indications of a very minor improvement in profitability . . . although results for the current year will be adversly affected by costs incurred by the previous board in responding to an offer made for the company's shares.

After tax of £5 for the half-year (£16,318 credit for the year), earnings per 25p share are given as 0.03p (0.01p for year).

An extraordinary debit took £12,452 (£100,000 for year).

The group, share listing of which was suspended on November 22, 1979, is continuing negotiations (revealed at the AGM in March) for the purchase of the industrial property development business of Burrows (Builders).

The directors are currently examining this possible acquisition in detail. In the event of it proving successful, they will apply to the Stock Exchange for a re-listing.

BIDS AND DEALS

Beecham's plan to acquire Givenchy is blocked

The French Government said yesterday that it had approved plans for the state-run Institut d'Investissement Industriel, IDI, to acquire control of Parfums Givenchy, the perfume maker. The Government added that it had vetoed a tentative agreement under which Givenchy would have been acquired by Beecham Group.

Officials said the Government felt that too many celebrated French perfume companies already are controlled by foreigners, and it did not want to see Givenchy falling under British control.

The Government feels IDI can supply the perfume company with the new funds it needs for expansion of its product lines, the officials added.

STROUD RILEY

Mr. Harvey Ross, the Yorkshire gold investment and coin dealer, has increased his stake in Stroud Riley Drummond, the Bradford textile group, from 13.45 per cent to 15.02 per cent.

Mr. Ross has picked up a further 70,000 shares taking his holding up from 461,438 to 531,438 shares. Mr. Stefan Simmonds, a Bradford businessman, holds 29.7 per cent of the company through his privately owned Simco Supermarkets.

Stroud Riley shares gained 1p to 34p yesterday.

JAMES FINLAY

James Finlay has acquired a 30 per cent interest in Fortune Engineering, based in East Kilbride, by subscribing for new ordinary shares and redeemable preference shares at a total cost of £112,000.

Fortune which specialises in the design, manufacture and marketing of a range of mechanical jacks for the UK and European markets, began operations in June 1978.

SHARE STAKES

Fine Art Developments—Mr. D. T. Barnes and Mr. C. B. Barnes, directors, sold 100,000 shares each.

RFD Group—Mr. A. G. Macpherson, director, acquired 25,000 shares.

Hickson and Welch (Holdings)—Britannic Assurance, acquired a further 100,000 shares and now holds 1,180,000 shares (6.10 per cent).

Lee Cooper—Mr. M. A. Cooper, director, disposed of 36,000 shares.

Caffyns—British Car Auctions acquired 62,500 ordinary shares, increasing its holding to 283,500 shares (8.75 per cent).

Thos. Tilling buys remaining Secker shares

Thomas Tilling, the UK industrial holding company, has mopped up the remaining 20 per cent of the shares in publishers Martin Secker and Warburg through its Heinemann books subsidiary.

Tilling has bought the stake for 150,000 of its own ordinary shares—worth over £285,000 at the current share price—from Mr. Tom Rosenthal who is moving up from the managing directorship of Martin Secker to become head of William Heinemann International, which looks after Heinemann's fiction and general side.

Bambers Stores—Mr. L. Vernon, director, acquired 25,000 ordinary shares bringing his total interest to 3,972,699.

Hawley Leisure—Mr. R. Deith, director, has acquired 185,837 ordinary shares, taking his holding up to 769,735.

BPM Hldgs. acceptances

The offer by BPM Holdings for David Mallows and Co. has been accepted by holders of 421,244 (96.33 per cent) shares.

The offer has been declared unconditional as to acceptances and extended until August 22.

TUBES ACQUIRES NUDAY OF U.S.

Tube Investments has acquired Nuday Company of Detroit, Michigan, U.S., for $1.3m (£553,000).

Nuday, which makes and supplies special service tools for U.S. motor vehicles and agricultural equipment, will supplement the activities of V. L. Churchill in the UK and will become part of TI's transport service equipment operation.

Mr. Nassar lifts Inveresk stake to 13.2%

Mr. Edward Nassar, the Lebanese businessman, continues to build up his shareholding in Inveresk Group, the Scottish paper concern. He has acquired a further 630,000 shares taking his stake up to 2.69m shares—equal to 13.22 per cent of the capital. Over the last four months Mr. Nassar's holding has come up from 8.2 per cent.

At yesterday's price of 28½p, up ½p, the holding is valued at £766,650.

BTR/HUYCH

The proposed tender offer by BTR Industries, the rubber and plastics group, for Huyck Corporation, the U.S. paper clothing business, is to be put to BTR shareholders for their approval at a meeting expected to be held in London later this month.

Wheelabrator-Frye had earlier announced that it was making a partial bid for up to 35 per cent of Huyck at $22.125 per share but this was withdrawn in the face of a $25.125 per share offer from BTR. This values Huyck at around $143m.

Huyck has already indicated that the BTR bid was acceptable in principle.

LONDON TRADED OPTIONS

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	330	36	37	54	—	66	—	344p
BP	360	20	5	37	—	46	—	"
Cons. Gold	500	43	1	62	—	80	—	504p
Cons. Gold	550	23	3	32	—	57	—	"
Cons. Gold	600	13	11	25	2	—	—	"
Courtaulds	60	11	—	13	1	15	32	66p
Courtaulds	70	3	—	8½	3	10½	2	"
GEC	420	60	12	98	—	—	—	475p
GEC	460	46	10	68	—	88	—	"
GEC	500	24	23	43	—	64	10	"
Grand Met.	130	36	—	42	1	—	—	165p
Grand Met.	160	8	14	16	—	20	—	"
Grand Met.	180	3	—	8½	—	11½	10	"
ICI	360	32	—	55	1	40	—	386p
Land Secs.	325	58	1	72	1	—	—	367p
Land Secs.	360	—	6	—	—	63	6	"
Land Secs.	390	18	—	32	—	46	5	"
Marks & Sp.	80	14	5	18	—	22	—	99p
Marks & Sp.	100	7	3	12	—	16	—	"
Shell	390	36	3	44	—	—	—	400p
Shell	420	12	12	30	—	40	—	"
Totals			168		2		64	
		August		November		February		
Imperial Gp.	80	2½	2	3½	8	3½	—	79p
Imperial Gp.	90	½	100	3	—	5	1	"
Lonrho	74	30	3	33	—	35	—	103p
Lonrho	84	20	2	23	—	26	1	"
Lonrho	94	10	20	16	10	21	—	"
Lonrho	104	4½	—	11	110	16	—	"
Lonrho	114	2	—	8	17	12	—	"
P. & O.	120	7½	17	14½	—	17	10	124p
Racal Elec.	260	21	13	32	—	51	—	276p
Racal Elec.	280	8	55	27	—	52	—	"
Racal Elec.	300	2	—	16	10	39	—	"
RTZ	390	82	8	93	—	123	—	467p
RTZ	460	17	60	43	—	70	8	"
Totals			220		155		20	

INTERNATIONAL COMPANIES and FINANCE

IU INTERNATIONAL

Tax accounting triumph

BY JOHN MAKINSON

NOT MANY chairmen take pleasure in watching their companies diminish in size. Mr. John Seabrook of UI International appears to be an exception. Over the past year he has orchestrated the disposal of two businesses which represented well in excess of half the group's total assets.

Two weeks ago, a shipping company called Gotaas-Larsen obtained a listing on the London Stock Exchange. Until last November, Gotaas was a division of IU, a Delaware-based company engaged in transportation and distribution, as well as in agricultural and industrial markets. In a complex share deal, the shipping company was distributed intact to IU shareholders.

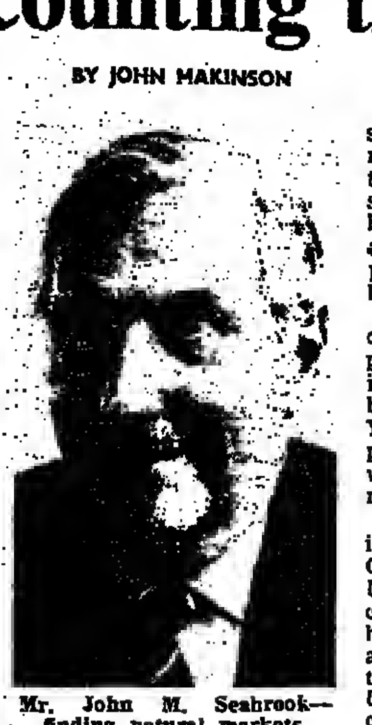
Almost before the ink was dry on this egreement, IU announced the sale of its remaining 58 per cent stake in Canadian Utilities, a company which IU had controlled since 1924.

Mr. Seabrook says that by 1973 he had decided to dispose of Gotaas. The delay in accomplishing this goal was in part because of the depressed state of the shipping market but also the technical obstacles of such an unusual deal.

When IU entered the shipping market in 1963, it believed that the new operation would neatly complement its dominant utility business, which had traditionally provided a solid income stream but no spectacular growth prospects.

Ship finance, IU believed, was like running a utility. You buy a large asset and then lease it. The company had not, however, calculated on the spectacular growth of the shipping market in the late 1960s. Mr. Seabrook says that the returns were so spectacular that the directors "could not help themselves" investing heavily in this area.

By the time of the crash in shipping rates, after the 1973 Arab-Israeli war, IU was deriving 47 per cent of its pre-tax earnings from shipping. When the bubble burst, IU's share



Mr. John M. Seabrook—finding natural markets.

price crashed from $29½ to $9½. Long-standing investors, who thought they had bought into a utilities company safe for widows and orphans, were less than pleased.

The size of Gotaas relative to the rest of the company together with the frightening volatility of the shipping market were not Mr. Seabrook's only reasons for seeking its distribution to shareholders.

The shipping operation involved a large investment in assets which had to be financed by heavy borrowings and which produced at best a negligible return. The shipping side caused difficulties in funding the working capital requirements of its other operations and tarnished the balance sheet in the eyes of investors.

From an investment viewpoint, IU had become three separate companies. The first, Gotaas had attractions for the punter interested in an asset play and unconcerned by the absence of regular income. The second, Canadian Utilities, was an operation which mixed a solid asset backing with a modest but reliable return. The third comprised a medley of service and producing businesses, expected to produce a rising stream in income—punctuated by the odd hiccough.

Mr. Seabrook was also concerned that Gotaas, as a shipping company, should be listed in London while the obvious home for IU's shares was New York. By splitting the companies, he hoped that they would each find their natural markets.

Canadian legislation made it impossible for IU to repeat the Gotaas exercise with Canadian Utilities. Instead of offering the company to its own shareholders, IU agreed that Atco, another Canadian utility, should tender for 16.2m IU shares at U.S.$17 per share. After successfully completing the tender, Atco exchanged its new holding for IU's 58 per cent stake in Canadian Utilities. IU then effectively cancelled the shares it acquired in itself, reducing its equity by around 40 per cent. The disposal of Canadian Utilities cut its earnings by only about 20 per cent, so the effect was to boost earnings per share, which doubled to $1.16 in the first half of this year. The corollary, of course, is that the absence of Canadian Utilities will make the earnings pattern of the whole group more volatile.

Both Gotaas and Canadian deals were of bewildering complexity. Mr. Seabrook defends the methods used, principally on the grounds that they virtually eliminated any tax liability. He maintains that shareholders would not have done so well out of a direct sale of Gotaas. As it was, the distribution was channelled through a Liberian subsidiary of IU at a time when the company's true value was substantially lower than its tax value. The two deals were certainly trumphs of tax accounting; they may yet prove to be victories for commercial sense.

Charter forced to drop two takeovers

By David Lascelles in New York

Charter Company, the fast-growing but increasingly hard-pressed oil and media group, was yesterday forced to call off two major acquisitions worth a total $850m, apparently because it was trying to bite off more than it could chew.

Charter, which went into the red in the second quarter of this year, is the oil company named in the Billygate affair. Last year, it asked the President's brother to seek supplies of Libyan oil for a broking fee. But though talks went on for some time, nothing came of them in the end.

Yesterday's announcement said that Charter had called off its planned purchase of Commonwealth Oil Refining (CORCO), as well as its deal to buy Republic National Life, a Texas insurance company.

The Corco deal would have been worth over $560m. Corco has been in bankruptcy proceedings for over two years after it was hit by soaring oil prices and a fire at its main refinery in Puerto Rico. Charter was interested in the company for its refining capacity.

But meanwhile, Charter was running into problems with its $500m acquisition last year of Carey Energy, the large but ailing east coast refiner and distributor. Carey did well during the oil boom, but the recent weakness of oil product prices has changed all that. Charter has also had trouble obtaining crude to feed the Carey Refinery in the Bahamas.

The Republic National Life deal, worth about $282m, would have enlarged Charter's toehold in the lucrative insurance business by giving it 35 per cent of the company. The announcement said merely that the deal had been terminated "in the best interest of all concerned."

The assumption in Wall Street yesterday was that Charter will now have to withdraw for a while to get its finances and oil supplies sorted out.

The cancellation of the Corco deal also leaves unresolved the fate of that unfortunate company. A number of planned rescue attempts have failed, and several suitors have withdrawn. There was no immediate comment yesterday from Corco about its changed prospects.

Heinz to seek removal of auditors

By Paul Betts in New York

H. J. HEINZ Company, the leading Pittsburgh-based food processing concern, confirmed yesterday that it would ask shareholders at its annual meeting next month to drop Peat Marwick, Mitchell and Company as its outside auditors and appoint Coopers and Lybrand, another of the "big eight" accounting firms, to audit its fiscal 1981 accounts.

The decision follows an investigation earlier this year which revealed questionable internal accounting practices at several Heinz divisions in the U.S. between 1972 and 1979. These involved certain payment arrangements between Heinz units in the U.S. and various suppliers which were improperly accounted for to help smooth quarterly and yearly profits to give the impression of steady growth. The arrangements involved either withholding or advancing payments to suppliers so the units could meet specific sales and earnings targets.

After the discovery last year of these questionable accounting practices, the Heinz board's audit committee, which is composed entirely of outside directors, called in a New York law firm and another accounting firm to assist in the investigation.

Heinz yesterday emphasised that Peat Marwick, the company's outside auditors for several years, was in no way connected with the questionable internal accounting practices. However, Heinz was now planning "to introduce considerable changes to strengthen its accounting and reporting practices."

The Heinz audit committee indicated there had been no disagreements with Peat Marwick over accounting principles and practices. But it said there was to be a "new era in accounting and reporting practices" at Heinz.

Heinz added: "We felt it was better to hire new auditors to implement the company's new accounting policies more effectively." A new vice president for finance had already been appointed, it said.

The investigation into the improper income and payments practices revealed that these had had a significant effect on some of Heinz's past quarterly earnings reports but that the overall impact on total profit in the eight-year period was marginal at $8.4m.

INTERNATIONAL CAPITAL MARKETS

Foreign DM bond issue pace hots up

BY FRANCIS GHILES

THE JULY calendar of foreign Deutsche Mark bond issues will be opened next Friday when Bayerische Hypotheken Bank launches a DM 100m private placement for an Austrian borrower, widely believed to be Oesterreichische Kontrollbank.

The German Capital Markets Sub-Committee agreed on a calendar of new issues of more than DM 1bn between now and the end of August. This is the highest volume of new issues scheduled since the beginning of this year and reflects the very strong and steady inflow into Deutsche Mark foreign bonds—a flow which shows no sign of slackening.

Between the end of June and last week, DM 2.2bn worth of new Deutsche Mark foreign bonds were successfully placed, the highest figure for many years. This occurred despite the fall in yields offered on new issues: two months ago, prime borrowers such as the World Bank and Austria could raise Deutsche Mark paper offering a return to the investor of 8.25 per cent. That figure is now down to 7.79 per cent.

Two factors appear to lie behind this behaviour. First, the dollar sector of the international bond markets has been in bad shape since the middle of June and investors have essentially "gone on strike" as far as dollar paper is concerned. Second, most observers still expect a further fall in German domestic interest rates which would, inevitably, bring down the yield offered on new D-Mark issues, both foreign and domestic.

The second issue in the German calendar will come next Monday, DM 200m for a European industrial address, through Deutsche Bank. This will be followed on August 18 by a DM 200m for a European state address, possibly Sweden, through Dresdner Bank and on the following day by a DM 100m for a non-European state name through Deutsche Bank.

On August 21, Westdeutsche Landesbank will announce a DM 30-50m issue for a Japanese borrower and five days later Commerzbank will follow with a DM 100m issue for a European borrower. The last three issues, planned for August 27, 28 and 29 respectively, will be announced by Westdeutsche Landesbank, Dresdner Bank and Deutsche Bank.

The size of the new issue calendar had no visible effect on prices of seasoned issues: D-Mark foreign bond prices were unchanged on the day. Swiss franc bonds, by contrast, shed about ¼ of a point yesterday.

In the dollar sector, prices of seasoned issues shed about ⅜ of a point on the day following the further rise in U.S. interest rates. In the floating rate note sector, the next issue is expected later this month, a $25m 5½-year note for Banco de Santiago carrying a ¼ per cent coupon with a minimum interest rate of 6¼ per cent.

The Kuwaiti dinar bond sector, which was closed last November, will reopen shortly: three issues will be allowed by the central bank, which has set more stringent conditions for the issue of such instruments, before mid-September. Only one issue at a time will be allowed and the amount of each issue will be limited to KD 7m ($26m)—some issues last year were as large as KD 12m.

Gaz de France wins ¼ point credit margin

BY OUR EUROMARKETS STAFF

GAZ DE FRANCE, the French gas corporation, has succeeded in obtaining the lowest lending margin yet seen in the Euromarkets. It is raising $200m for 10 years on a split margin over the interbank rate of ¼ per cent for the first 12 months, rising to ⅜ per cent for the following five years and ½ per cent for the remainder of the period.

The loan has been arranged by Credit Lyonnais, together with three other banks, not all of them French. These terms re-establish French names as those which can command the finest nominal terms in the syndicated credit markets. This is a point to which Gallic pride—in this instance embodied in the French Treasury—attaches importance.

A few weeks ago another French state institution, Credit National, arranged a $125m seven-year loan on a spread of ⅜ per cent throughout. It was soon followed by Ireland's Industrial Credit Company with a DM 200m five-year credit which included a similar margin.

Not all banks will welcome the latest development as ¼ per cent over the interbank rate is what they generally have to pay if they wish to raise medium term funds themselves.

Credit Lyonnais has also been awarded a mandate to raise $200m by Agip (UK) Ltd. The loan will be co-led by Den Norske Credit Bank and is believed to be the first energy project financing arranged by a bank which is not of the same nationality as the borrower or of the country in which the borrower is operating. Credit Lyonnais faced stiff competition from the leading U.S. banks which specialise in this type of project financing, such as Bank of America, Chase Manhattan, Citicorp and Morgan Guaranty.

Final terms will be decided in September.

Pay TV consortium under fire

BY IAN HARGREAVES IN NEW YORK

GETTY OIL and four of the largest American motion picture producers have been accused of attempting to fix prices and create a cartel in the rapidly growing U.S. pay television industry.

The Department of Justice announced yesterday that it had launched a civil suit to block permanently a venture due to start early next year involving Getty, Twentieth Century Fox, Columbia, Paramount Pictures and MCA.

The Department's anti-trust division says the proposed Premier network programme service is illegal on two counts: that it would enable the five participants to fix prices on the sale of broadcasting rights to films and that the four film companies have agreed to bar any competing pay TV operators from bidding for their products until Premier has held their films for nine months.

According to the lawsuit, the four film companies control an estimated 43 per cent of the market for theatre showings of feature films.

For Getty, the rapidly diversifying California oil company, Premier would be an extension of its highly successful Connecticut-based sports programme service for pay TV broadcasters.

Home Box Office, the large New York-based pay TV company owned by Time, said it was pleased that the Justice Department had acted against the "patently illegal" proposal of Getty Oil and the film makers.

Pay television, an adjunct of the booming cable TV industry in the U.S., has found a rapid growth market in the sale to cable subscribers of recent films, which are often available on cable within a year of their launch.

Subscribers pay a monthly fee of around $20 for the combined benefits of the proved reception of cable broadcasting and the special films channel.

Strong first half at JWT

By Our Financial Staff

WALL STREET predictions of further growth this year at J. Walter Thompson (JWT) are amply borne out at the end of the half-way mark, with earnings boosted strongly by the favourable move in the dollar's foreign exchange rate. JWT, one of the world's major advertising agencies, has advertising offices in 29 foreign countries and derives nearly half its billings from outside the U.S.

The group has turned in a 24 per cent gain to $7.2m in net earnings in the first six months. Share earnings rose from $1.27 to $1.56, on sales of $150m against $114.1m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	88¼	88¾	−0¼	−3¼	12.89
CECA Grad. Rate 12 86	100	97¾	98¼	−0⅛	−0⅛	11.74
CECA 11¾ 90	50	95⅞	96⅞	−0⅛	−3⅛	12.27
CECA 11½ 88	100	97⅝	98⅛	−0½	−1⅛	11.88
Citicorp O/S Fin. 10 86	300	92½	93	−0⅛	−2⅛	11.76
Con. Illinois O/S 9¾ 86	150	91⅛	91⅝	0	−2⅛	11.85
Denmark 11¾ 90	100	96½	97	−0⅛	−2⅛	12.32
Dome Petroleum 13½ 92	50	100½	101	−0⅛	−2⅛	13.34
EEC 11 86	75	92⅞	93⅜	−0⅞	−2⅞	12.00
EIB 11¾ 92	80	94⅜	94⅞	−0⅛	−2⅛	12.63
EIB 13¾ 90	100	104⅝	105⅛	+0½	−1⅛	12.82
Eksportfinans 11¾ 87	90	97⅞	98⅜	−0⅛	−1⅛	11.64
Eksportfinans 9½ 87	75	90⅜	90⅞	−0⅛	−2⅞	11.56
Elec. de France 10 88	125	92⅛	92⅝	−0⅛	−3	11.48
Export Dv. Cpn. 12¾ 87	100	104⅛	104⅝	−0⅛	−2⅛	11.75
Export Dev. Cpn. 9½ 88	150	92⅞	93⅜	−0½	−2⅛	11.22
Federal Dev. Bk. 12¾ 85	75	102	102½	−0⅛	−1⅛	11.58
Fin. Exp. Credit 10½ 85	50	96	96½	−0⅛	−2⅛	11.53
Finland Rep. of 9½ 86	100	89⅞	90⅜	−0⅛	−2	12.02
Ford O/S Fin. 12½ 86	250	98⅛	98⅝	−0⅛	−1⅛	13.03
George Weston 13½ 87	30	100⅞	101⅜	−0⅛	−1⅛	13.21
GMAC O/S Fin. 11 84	100	98⅛	98⅝	−0⅛	−1⅛	11.47
GMAC O/S Fin. 13¾ 85	100	104⅛	104⅝	−0⅛	−1⅛	12.02
Goodyear O/S 12½ 87	75	97⅛	97⅝	0	−1½	13.05
Hudson's Bay 11½ 90	75	95½	96	−0⅛	−2⅛	12.25
IBM Canada 10½ 85	50	98	98½	−0⅞	−1⅛	10.97
ICI Fin. Ned. 11 83	100	99⅜	99⅞	−0⅛	−0⅞	11.13
McGraw 13½ 85	75	100⅞	101⅜	−0⅛	−1⅛	13.19
Norwest Ind. 13½ 87	50	99⅞	100⅜	−0⅛	−1⅛	13.59
Nova Scotia 10¾ 90	50	91½	92	−0½	−3½	12.22
OKB 10 85	50	96⅜	96⅞	−0⅛	−1⅛	10.95
Pembroke Capital 9⅞ 87	100	92½	93	−0⅛	−1⅛	11.17
Pemex 11½ 88	100	95¾	96¼	−0⅛	−2	12.31
Quebec Hydro 11½ 92	100	94¾	94⅞	−1¼	+2½	12.37
Repsteel O/S 11½ 89	100	90⅞	91	−0⅛	−3⅛	13.46
Revlease Ltd. 11¼ 85	50	98⅝	99⅛	−0⅛	−1⅛	11.55
SNCF 12½ 85	50	102⅞	103⅜	−1⅛	−2	11.53
Swed. Ex. Cred. 12¼ 85	40	101⅛	101⅝	−0⅛	−2⅛	12.06
UB Finance BV 11 90	60	88¼	88¾	−0¼	−4	13.13
Unilever NV 9¾ 90	100	88⅝	89⅛	−0⅛	−2⅛	11.70
World Bank 9¾ 85	200	94⅞	95⅜	−0⅛	−1⅛	11.08
World Bank 10¾ 87	300	94⅞	95⅜	−0⅛	−2⅛	11.29

Average price changes...on day −0⅛ on week −2⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	103	103½	−0⅛	−0⅛	8.47
Australia 8½ 90	250	103⅛	103⅞	+0⅛	+0⅞	7.69
BFCE 7¾ 87	100	99½	100¼	0	+0⅛	7.74
BFCE 8½ 85	100	100⅞	101⅛	0	+0⅛	8.03
Brazil 8 87	150	93½	94¼	0	−0⅛	8.23
Council of Eur. 7¾ 89	100	96⅜	96⅞	0	−0⅛	7.81
Denmark 7⅞ 88	100	99¾	100	0	+0⅛	7.84
Denmark 8¼ 92	100	99⅝	100⅜	+0⅛	+0⅛	8.26
EEC 7⅞ 94	225	99⅜	99⅞	0	−0⅛	7.91
EIB 7¾ 89	200	97¾	98¼	−0⅛	−0⅛	7.82
Finland, Rep. of 8 86	150	99⅝	100⅛	+0⅛	+0⅛	7.99
Kobe, City of 7½ 89	150	95⅞	96⅞	+0⅛	−0⅛	7.71
Kobe, City of 8 90	100	100½	101	0	−0½	7.88
Mt. Bk. Denmark 8½ 90	190	100½	101¼	0	−0½	8.36
Norway 7½ 85	250	100⅜	101⅛	+0½	+0⅛	7.28
OKB 7¾ 89	100	96⅞	97½	0	+0⅛	7.88
OKB 8¾ 92	150	100⅝	101½	−0⅛	−0⅛	8.10
Oslo, City of 8¾ 90	80	102⅜	103	0	−0⅛	8.33
Sweden 9¾ 87	200	107⅝	108⅛	+0⅛	−0⅛	8.12
World Bank 7¾ 01	400	98⅝	99⅛	−0⅛	−0⅛	7.90
World Bank 7⅞ 90	250	99⅛	99⅝	0	−0⅛	7.94
World Bank 10 88	190	108	109⅛	−0⅛	−0½	7.89
World Bank 10 90	200	112	112½	+0⅛	0	8.10

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94¾	95¼	0	+1½	6.25
Bergen, City of 4¾ 91	40	94	94½	−0⅛	−1⅛	5.46
Bergen, City of 6 90	50	103¼	103⅜	−0⅛	−0⅛	5.53
BNDE 5 89	75	85¾	86	+0⅛	+0⅛	7.19
BMW Overseas 4¾ 01	100	88	89¼	−5	−5⅛	5.71
Buhrm'n-Tetterode 7 90	40	105⅜	105⅞	−0⅛	−1⅛	5.10
Caisse Nat. Tele. 4¾ 89	100	94½	94⅝	−0⅛	−0⅛	5.15
Copenhagen 4½ 91	60	90⅜	90⅞	−0⅛	−0⅞	5.65
Council of Eur. 5 89	100	95¼	95½	0	−0⅛	5.65
Denmark 5¾ 90	90	99¼	89½	−0⅞	−1⅛	5.83
EIB 4½ 91	100	92⅞	93⅛	+0⅛	+1⅛	5.35
EIB 4¾ 94	100	88⅞	89⅜	+0⅛	+0⅛	5.52
Elec. de France 4¾ 89	100	94¾	95	+0⅛	−0⅞	5.10
F. G. H. Hypo. Bk. 6 90	50	†103½	104	−0½	−1	5.50
GZB 4¾ 89	100	91⅞	92⅛	−0⅛	−0⅛	5.37
Hilti 4½ 91	35	93	94	−0⅛	0	5.02
Int.-Amer. Dev. 4½ 89	100	91½	91⅞	0	+0⅛	5.71
Int.-Amer. Dev. 7 90	90	106½	106¾	−0⅛	−0⅛	5.07
Jutland Tele. 5½ 90	50	100	100¼	−0⅛	−0⅛	5.48
Malaysia 5 89	80	88⅛	89⅛	−0⅛	+0⅛	5.63
Newea 5¾ 90	80	101⅛	102¼	−0⅛	−0⅞	5.52
Nippon Tel. & T. 4¾ 89	100	95¼	95½	+0⅛	+0⅛	4.89
Nordic Bank 5 89	45	96	96½	−1½	−2⅛	5.52
Norges Komm. 4¾ 91	100	92½	92¾	+0⅛	+0⅛	5.26
OKB 4¾ 91	100	92¼	92½	−0⅛	0	5.31
OKB 6 90	100	103¼	103½	−0⅛	0	5.55
Oslo, City of 4¼ 91	100	90⅜	90⅝	0	−0½	5.57
Sekisui Pre. Hms. 6 90	60	102½	102¾	−0⅛	−0⅛	5.64
Shikoku El. Pwr. 4¾ 89	100	96	96¼	−0⅛	−0⅛	5.30
World Bank 4¾ 89	100	96⅜	96⅞	0	−0⅛	5.08
World Bank 4¾ 89	150	91½	91⅞	0	−0⅛	6.55
World Bank 4¾ 91	100	91½	92	−0⅞	−1⅛	5.51

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93¼	0	+0⅛	8.33
Australia 6½ 89	20	87½	89	+0½	+0⅛	8.65
EIB 7¾ 89	12	95½	97⅛	0	0	8.33
Finland 5.6 83	10	91¾	92⅜	0	0	8.83
Finland 6.8 89	10	89⅜	89⅞	+0⅛	+0⅛	8.86
Finland, Rep. of 9¾ 87	15	96¼	97¼	0	−0⅛	8.02

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 CS	60	93⅜	94¼	−0⅛	−2	12.20
CIBC 12½ 85 CS	50	101⅛	102¼	−0⅛	−1⅛	12.87
CIBC 11½ 85 CS	60	96⅞	96⅞	−0⅛	−2⅛	12.59
Federal Dev. 11½ 90 CS	60	93⅜	94¼	−1	−2⅛	12.58
Int. Can. Inv. 10 84 CS	50	91¾	92¼	−0⅛	−1⅞	12.75
GMAC 12 85 CS	50	†97	97½	−1	−2	12.77
R. Bk. Canada 10 85 CS	40	92¾	93¼	0	−1⅛	11.71
Tordom Cpn. 13½ 85 CS	30	102⅜	102⅞	+0⅛	−1⅛	12.77
M. Bk. Dnmk 9 91 EUA	25	93⅛	85	0	−0⅛	0.85
SOFTE 8¾ 89 EUA	40	89¼	89½	+0⅛	+0⅞	10.23
U. Bk. Nrwy. 9½ 90 EUA	18	99½	89½	+0⅛	+0⅛	8.65
Algemene Bk. 8¾ 84 Fl	75	96⅛	96⅞	−0⅛	−0⅛	8.25
Algemene Bk. 10½ 87 Fl	400	101½	102	−0⅛	−0⅛	8.89
Bk. Mees & H. 10 85 Fl	75	100½	101	0	−0⅛	9.80
Heineken NV 10 87 Fl	75	100⅜	101⅛	−0⅛	−0⅛	8.79
Ned. Gasunie 8¾ 84 Fl	50	100	100½	−0⅛	−0⅛	8.66
Norway 8¾ 84 Fl	100	98⅝	97¼	+0⅛	+0⅛	8.18
Philips Lamps 8¾ 84 Fl	75	97	97½	0	0	8.18
Air France 11 85 FFr	120	†96⅝	97¼	−0⅛	0	12.03
CECA 14¾ 88 FFr	150	†105⅜	108⅛	−0⅛	−1⅛	12.59
Euratom 9¾ 87 FFr	150	86⅛	88⅛	+0⅛	+0⅛	13.01
Finland 11 84 FFr	80	†95⅜	96⅛	−0⅛	0	12.32
Finland 11½ 88 FFr	70	†93	94	−0⅛	−0⅛	12.72
Gaz de France 11 84 FFr	150	95¼	96⅛	0	+0⅛	12.19
IAM France 11⅞ 84 FFr	120	†97⅛	98½	0	−0⅛	12.44
Renault 9¾ 85 FFr	100	87¾	88⅞	−0⅛	+0⅛	13.28
Saint-Gobain 9¾ 86 FFr	130	86⅛	87¼	+0⅛	−0⅛	13.17
Solvay et Cie 9¾ 87 FFr	125	84⅞	85⅞	0	+0⅛	13.13
Beneficial Fin. 14¾ 90 £	20	100⅛	100⅜	−0⅛	−2⅛	14.15
Citicorp O/S 13½ 90 £	50	100	100½	0	−1⅞	13.41
EIB 11½ 91 £	25	92½	83¼	+0⅛	−3⅛	12.73
Fin. for Ind. 12½ 89 £	30	97¼	98	+0⅛	−2	12.95
Fin. for Ind. 14¼ 88 £	20	103⅜	104¼	0	−1⅛	13.63
Gen. Elec. Co. 12½ 89 £	50	98⅜	98⅞	−0⅛	−1⅛	12.76
Swed. Ex Cr. 15¾ 85 £	20	104½	105⅛	+0⅛	−1⅛	13.71
Banobras 8¾ 90 KD	7	†95⅛	95⅞	0	0	8.93
CCCE 8¾ 91 KD	10	†93⅞	94⅛	+0⅛	0	8.99
Mitsubishi 7½ 84 KD	10	*†94⅛	95	0	−0⅛	0.17
Sonatrach 8¾ 90 KD	12	†94⅛	95⅛	+0⅛	0	0.31
Akzo 9¾ 87 LuxFr	500	95	96	0	−0⅛	10.14
Euratom 8 87 LuxFr	500	89⅛	90⅛	0	0	10.09
Euratom 9¾ 89 LuxFr	500	98¼	99¼	0	0	0.97
EIB 9¾ 88 LuxFr	600	98⅛	99⅛	0	0	0.85
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	0	+0⅛	10.36

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	98	98¼	2/1	10.44	10.62
Bank of Ireland 5¾ 89	‡0¼	97½	98	21/8	11.81	12.08
Bank of Tokyo 5¾ 89	‡0¼	96⅜	96⅞	25/10	16.56	17.14
Barclays O/S Inv. 5 90	0¼	97⅛	97⅝	13/12	9⅝	9.87
Bergen Bk. A/S 6 89	‡0¼	96⅞	97⅛	29/8	10	10.30
Bilbao Int. NV 5¾ 90	0¼	96⅝	97⅛	28/11	10.06	10.37
Citicorp O/S F. 83	§‡0	99	99½	23/8	10.10	10.28
Citicorp O/S F. 84	‡0	98⅛	98⅞	30/7	0.69	0.82
C. Itoh 5¾ 87	0¼	99⅛	99⅝	18/9	19.44	19.58
Co-operative Bk. 8 86	0¼	98	98½	15/11	11.44	11.84
Creditanstalt 5½ 01	§‡0¼	96⅜	97⅛	14/9	8.44	0.73
CNT 5¾ 88	§0¼	100⅛	100⅜	18/10	18⅛	18.06
GZB 5½ 89	‡0¼	97½	98	1/8	15⅜	15.60
Jugobanka 8 89	0⅞	90¼	92¼	23/11	11½	12.74
Ind. Bank Japan 5¾ 87	0¼	99½	100	15/10	18⅜	18.80
Lloyds Eurofin 8 90 £	0¼	97¼	97¾	3/1	15⅜	18.15
LTCB Japan 5¾ 88	0¼	98	98½	13/12	0⅛	8.90
LTCB Japan 5½ 88	0¼	97¾	98¼	7/12	10¼	10.33
Mfrs. Han. O/B 5¾ 94	‡0¼	97	97½	31/8	9⅞	10.15
Midland Intl. Fin. 5 89	0¼	97⅜	98⅛	20/12	9½	8.69
Midland Intl. Fin. 5¾ 92	0¼	98	98½	5/12	10⅞	11.07
Nacional Fin. 6¾ 86	0¼	97¼	97¾	25/1	0.69	9.94
Nat West. 5¾ 94	§0¼	89	98½	11/10	18⅜	18.77
Nippon Credit 6½ 86	0¼	97¼	97¾	12/1	0.56	0.82
Nippon Credit 5¾ 87	‡0¼	97¾	98½	5/8	14½	14.69
Royal Bk. Scot. 5¾ 94	§‡0¼	97½	98	11/10	8.31	0.53
Soc. C. de Aqua. 6½ 87	0¼	99⅝	100⅛	8/10	20.06	20.09
Standard Chart. 5¾ 90	0¼	99⅛	99⅝	5/9	17⅛	17.98
Svenska Hndlsbk. 5 87	0¼	98¼	98¾	15/1	10	10.15
Sweden 8¼ 91	‡0¼	96	96½	18/10	18⅜	10.35
Williams & Glyn 5¾ 91	0¼	98¼	98¾	14/5	18½	18.78
Bq. E. d'Alg. 4¾ 88 SF	0⅞	90½	91½	18/12	6⅛	8.73

Average price changes... on day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7¾ 89	10/79	145	†120	121	−0⅛	−7.60
Ajinomoto 7¾ 95	2/80	815.5	108⅝	109⅝	+0⅛	−2.01
Alco Int. Fin. 9½ 94	1/80	40	94½	96	−0⅛	26.12
Apache I. Fin. 8¾ 95	12/80	21.12	†113½	115	−1	0.56
Asahi Optical 7 94	11/79	526.1	96⅜	97⅛	+1⅛	2.27
Blocker Energy 8¾ 95	1/81	21.87	94⅛	95½	−3⅛	23.90
Canon 6¾ 94	8/79	570	105	108	+0½	0.78
Credit Suisse 4¾ 93	10/79	1278	106½	108½	−2⅛	−2.59
Daiei Inc. 6½ 94	11/79	927.3	98½	99½	+0⅛	25.03
DDKK 11 90	4/80	324	107⅞	108⅞	−0⅛	0.81
Dynalectron 9½ 95	6/80	12.22	†103½	105	−0⅛	5.02
Enserch Fin. 9½ 94	7/80	30.25	123½	124½	−2	−0.30
Meidensha Elec. 7 94	12/79	210	99	100⅛	+0⅛	11.18
Mitsubishi Cp. 6½ 94	10/79	549.1	119½	120¼	−0⅛	−2.17
Nippon Soiko 7¾ 94	12/76	339	†105½	108½	+1⅛	1.65
Toshiba Cpn. 7¾ 94	10/79	188	97¾	98¾	+0½	3.69
Union Bk. Switz. 5 89	2/80	121.4	96½	98¼	−1⅛	2.41
Fujitsu 5 84 DM	7/79	475	101⅞	102⅞	−0⅛	1.58
Kansai Elec. 4 84 DM	4/79	1210	86⅛	87⅛	−0⅛	38.51
Sharp Cpn. 6½ 88 DM	9/80	595	100⅛	101⅛	−0⅛	7.88
Uny Co. 6½ 85 DM	11/79	1071	98⅛	99⅛	+0⅛	25.12

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Rhone-Poulenc makes a clean break with the past

BY TERRY DODSWORTH IN PARIS

RHONE-POULENC'S dramatic recent decision to make a clean break with its heavy chemicals division provides a classic illustration of the impact which the present Government policy is having on industry. It underlines the current drive towards specialisation in French companies, the suddent new willingness to break up the old structures and the recognition—formerly rare in French industry—that it is sometimes wise for companies to slim down if they want to stay healthy.

These issues would probably not have been so effectively demonstrated at Rhone-Poulenc, if it had not been for the arrival of M. Jean Gandois, a 50-year-old former steel man, about three years ago. Energetic and articulate, Gandois is a good example of the new breed of managers who have emerged recently to hammer home the practical meaning of the Government's policy of redeployment. He is critical of the authorities on some issues, but on the central question his policies have fitted those of the Government like a glove.

The three basic points of his approach, can be summarised as follows:

First, he believes strongly that French industry needs to rationalise its activities in the decaying traditional sectors, in which, for one reason or anoher it finds it difficult to compete in world markets. This conviction may owe something to his background in the steel industry where the Government itself acted on similar principles to axe outdated plant during the recent reorganisation programme. At Rhone-Poulence, Gandois has applied the principle, particularly to the textiles divisions, but also in plastics—though the latter solution has now been overtaken by the sale to Elf.

The "plan textile," as it has come to be known, is one of the most ambitious attempts during the last few years to restructure an important and loss making sector of French industry. While in no way as large as the similarly reorganised steel industry, Rhone-Poulenc's textile division, with some 14,000 men spread around a large number of plants, was a big employer in the Lyon area when Gandois launched the plan. By the end of 1977, when the cuts were announced this division had run up FFr 2bn ($500m) of cumulative losses and had pushed the parent group into successive deficits of FFr 941m in 1975 and FFr 364m in the following year.

Gandois decided on a root and branch overhaul. Some FFr 1bn was set aside for investment over a four-year period, but this was to be concentrated on producing high quality goods in three main plants. Five other manufacturing units were earmarked for closure or conversion and about 7,000 jobs were written off. By 1981, Rhone-Poulenc was aiming to have the most modern productive specialised synthetic yarn and manufacturing complex in Europe.

Second, as the textile changes have shown, Gandois is fervently committed to the idea that French industry must find new growth areas in which to invest. Like many of France's leading industrialists he is obsessed by the country's dependence on imported raw materials—Rhone-Poulenc, with oil as a major feedstock, has been particularly exposed to the problem. France's only natural advantage over its big industrial rivals in the next decade, he says, is nuclear power. "We have no oil, no coal. Therefore, we have to develop sophisticated products with a high value-added content in which the price of the raw materials is relatively low."

The pursuit of this policy has forced Rhone-Poulenc to emphasise more of its downstream activities in recent years. "We are trying to push the things where we are strong and abandon the products where we are feeble," says Gandois. Thus, before the lock, stock and barrel divestment of heavy chemicals to Elf Aquitaine, the company had already sold its low-density polyethylene and polystyrene activities to CDF Chimie and was moving to get out of industrial filiments. "There will be more divestments," said Gandois prophetically six months ago.

On the other hand, more investment has been pushed into areas where Phone-Poulenc — only about ninth in the world's league of chemical companies — already has a special niche. In the animal feeds industry, for example, Rhone has invested heavily in new facilities for manufacturing methionie, an essential additive to artificial foods. The company claims to have some 40 per cent of the world market in this field. In fertilisers it has become the largest French producer and one of the most important European manufacturers with the acquisition of the Pechiney-Ugine-Kuhlmann stake in a jointly owned group. And in the fine chemicals sector, it is pumping money into production of rare earths, the colourants essential for the plastics and optics industries.

Third, Gandois believes that French industry must become more internationally minded in the future. This is not only a question of winning exports, which is where the company was placing its emphasis in recent years, but also of seeing the world as an integrated market. Today, speciality products are sold in a world market. The


M. Jean Gandois

company will have to grow more international. In the U.S., where many French groups are struggling to establish themselves at present. Gandois has pushed through a reorganisation which leaves the company with the nucleus of a communications-orientated business in graphics, reproduction plates and magnetic tapes.

All these moves have been brought to a climax by the decision to sell the heavy chemicals division with its interest in PVC, chlorine, propylene and butadiene. This takes the company a big extra step down its chosen road towards specialisation, since it has got rid of a variety of unsophisticated processes heavily dependent on external raw materials. Both Gandois and M. Albin Chalandon, the head of Elf, stress that such activities are best integrated within an oil company which is itself distributing raw materials and can fit processing into its own production chain.

The divestment will also change the character of Rhone-Poulenc. Its workforce will fall by about 10 per cent from 70,000 to 63,000 and its turnover by 16 per cent from FFr 33.7bn to FFr 28.3bn, but profit margins ought now to improve, and the deal will give the group a FFr 1.75bn "war chest," a large proportion of it in cash.

All these results are in keeping with the kind of things the Government has been trying to promote through its policy of restructuring, allowing labour shake-outs and improving the financial muscle of the big companies through liberalising prices. The next step for Rhone-Poulenc will be to try to find a place for its cash—a process which may prove just as difficult as the programme of disposals and labour reductions that have gone on non-stop over the past three years.

The company, however, is now back in the financial position where it can wait and choose to dictate policies. Last year on a sales rise of about 20 per cent (one-third of which was in volume) consolidated after-tax profits shot up by well over 200 per cent to FFr 791m from FFr 238m in 1978.

While not a good performance in comparison with the international chemical giants, the results contrast with the heavy losses of 1975-76, and would have been sharply different without the continuing drain of the textile division. Next year when (and if) the problems of this sector are largely overcome the group's financial position should be moving back closer to the norm for the international industry.

KHD boosts overseas sales

BY KEVIN DONE, FRANKFURT CORRESPONDENT

WEST GERMAN diesel engine, agricultural machinery and process plant manufacturer, Klöckner - Humboldt - Deutz, boosted sales in foreign markets by 25 per cent in the first six months of 1980 to DM 933m.

Its performance in the domestic market was marked by difficult conditions in the agricultural machinery market, and total sales in the West German market declined by some 2 per cent to DM 708m compared with DM 725m in the first half of 1979. Weakening demand in the home market has also brought a decline in new orders booked in the first half of the year, with a fall of 6 per cent to DM 643m. Overseas markets have continued to offer strong opportunities, however, and new orders from abroad have jumped by 36 per cent to DM 1.23bn.

The completion of some major construction contracts in the last year has depressed the value of KHD's total order book to DM 2.86bn at the end of June, a drop of some 4 per cent.

The total of new orders booked by the parent company rose by 18 per cent in the first half of 1980 to DM 1.87bn compared with DM 1.59bn in the corresponding period last year.

Sales for the KHD group increased to DM 2bn in the first six months of 1980, compared with DM 1.7bn in the first half of 1979, while the parent company showed a rise of 12 per cent in turnover to DM 1.64bn.

For the whole of 1980 the KHD group expects total sales of some DM 4bn compared with DM 3.37bn in 1979.

KHD's process plant division has been particularly successful in booking new orders in the first half of the year, and some 93 per cent of the current DM 1.5bn worth of work on hand is for foreign customers.

KHD is still suffering considerable problems with its Argentinian subsidiary, however, and as a result of sharpening import competition in this market both its sales and profitability have worsened.

Kuwait to broaden stock market

BY OUR FINANCIAL STAFF

THE KUWAIT Cabinet has approved the terms on which companies registered in other Gulf States will be allowed to have their shares listed on the Kuwait Stock Exchange. The move should broaden the market and regularise the present position where shares of some Gulf companies are traded unofficially in Kuwait.

The Kuwait exchange, which is the eighth largest in the world ranked by turnover, at present trades the shares of 38 Kuwaiti companies. The conditions for listing Gulf companies include a requirement that no fewer than 50 per cent of the shares be held by Kuwaitis.

The conditions do not make it clear whether the restriction that trading on the exchange be limited to Kuwaitis will be maintained. However, the stock exchange said the determining factor would likely be who was acceptable to the brokers. The conditions demand that a company must be properly incorporated in one of the Gulf countries.

The Gulf country in which a listed company is based must have signed an economic trade agreement with Kuwait. Companies should be 100 per cent owned by Gulf individuals or institutions and must have been established for three years prior to listing.

The Kuwaiti decision comes at a time when Bahrain is considering the feasibility of setting up a regional stock exchange to complement its large off-shore banking industry. Financial interests in the UAE Emirate of Sharjah have also been talking for some time about setting up a stock exchange.

Rothmans (Australia) pays more

By James Forth in Sydney

ROTHMANS of Pall Mall (Australia), the cigarette and wine group, is raising its dividend after a 21.5 per cent gain in earnings for the year ended June 30 from A$8.5m to A$10.3m (US$11.8m).

Pre-tax earnings jumped almost 55 per cent from A$11.8m to A$18.24m, but the tax provision more than doubled to A$7.77m, reflecting the withdrawal of the trading stock valuation adjustment, and a reduction in investment allowances.

At the per share level earnings have risen from 71 cents to 76 cents, and the dividend has been raised from 20 cents a share to 22.5 cents, on capital increased during the year by a one-for-eight scrip issue.

Group sales rose 10.8 per cent to A$459m, against "intense competition." More significantly, the sales volume and market share also increased. The profit improvement mainly resulted from expanded business and further productivity gains.

The directors said that to meet demand in Australia and Papua New Guinea it was again necessary to maintain production at the highest possible level.

In wines and spirits, sales eased both in volume and value, largely as a result of competition. Nonetheless the division managed to make a small trading profit.

Minimum tread rule boosts sales at Bridgestone Tire

BY YOKO SHIBATA IN TOKYO

BRIDGESTONE TIRE, Japan's largest manufacturer of tyres, maintained its strong performance in the half year to June, reflecting Japan's booming car exports and strong domestic demand, largely for replacement tyres, which has been increased by the introduction of a minimum tread requirement.

Operating profits rose 11.1 per cent to Y29.96bn ($13.2m) and net profits increased by 14.8 per cent to Y14.59bn on sales of Y256.87bn ($1.1bn) up 26.2 per cent.

Although U.S. and European tyre manufacturers have suffered a slowdown of business, and have been forced to lay off workers. Bridgestone's exports rose by 62 per cent, to account for 29 per cent of total sales. Its main export markets were the U.S. (accounting for 30 per cent of the total) and the Middle East (also 30 per cent). In particular, sales of bias tyres for trucks to the Middle East fared well.

Thanks to brisk demand for profitable replacement tyres and favourable tyre sales for new cars, Bridgestone's domestic sales also gained by 15 per cent to account for 71 per cent of the total. The yen's depreciation generated Y6.3bn of exchange gains, which contributed to the revenue increase.

The improvement in earnings came from a high operating ratio and the yen's depreciation. During the period the company reduced its borrowing by Y1.9bn and improved its cash in hand by Y1.7bn, another reason for the improvement of profitobility.

For the current half year, the company expects demand for new cars to stay strong and it has entered into negotiations with car makers for a 14-15 per cent price increase from July.

For the full fiscal year ending December, Bridgestone's operating profits are expected to stay at the previous year's level of Y55bn and net profits at Y26bn, up 3 per cent, on sales of Y540bn, up 24 per cent.

HONG KONG STOCK EXCHANGES

Unification under fire

BY PHILIP BOWRING IN HONG KONG

NEXT WEEK a long awaited Bill to bring about the unification of Hong Kong's four stock exchanges will probably pass into law—though it will be about three years before the merger actually takes place. But critics of the Bill claim that, far from being a major step towards improving Hong Kong's stock market and its image as a financial centre, it could do long term damage. They argue that the Government has succumbed to sectional interests among existing members of stock exchanges to legislate for a closed-shop exchange from which large international securities houses will be barred. The critics also point out that certain well known Hong Kong companies will, if they are to continue to profit from stockbroking, have to flout the spirit if not the letter of the legislation.

The critics, who include Jardine Fleming, an active dealer and fund manager as well as merchant bank, are also upset that, though the draft legislation was discussed with the four exchanges, other interested parties such as merchant banks were excluded. The legislation published only two weeks ago, is being pushed through the colony's legislative council in double-quick time.

Exclusions

In general the legislation provides for all members of existing exchanges to qualify for membership of the new exchange. However, it specifically excludes all corporations from membership whatever the circumstances. Corporations which are currently associate members may continue to be so, but no new corporate associate members will be allowed. This means that foreign brokers, such as W. I. Carr, and Hoare Govett, which already have associate status, will be able to keep it.

But the ban on corporate membership, together with a further restriction which stops a member or an associate member from entering into partnership with a non-member, seems likely to prevent any new foreign brokers from acquiring associate status. Though a few UK firms have associate status —which allows them to split commission with full members —none of the big American or Japanese brokers are in a similar position.

If the HK market is to develop as a genuinely international one—a stated intention of the Securities Commission—then a much more liberal attitude may be needed. Originally the Government had intended that foreign brokers should be allowed to become full members of the unified exchange. It has since retreated to a much more restrictive position.

Wrong qualifications

Apart from corporations, the Bill also bars from membership the following persons: directors or employees of banks or deposit taking companies, accountants, solicitors, and barristers—though individuals in the last three categories are exempt if they are members of an existing exchange.

The net effect of these various bans is that only individuals will be allowed to be members, and only if they are not handicapped by the wrong qualifications. Nor are they expected to show very substantial net worth—they must maintain a minimum "net capital" in their business of only HK$1m. The calculation of "net capital" has yet to be defined.

The intended effect of the legislation is to keep large concerns out of the business where they might offer competition to small brokers. This concession is the price that the Government has agreed to pay to get the exchanges to accept the merger. Established major brokers are not going to disappear, but it will be interesting to see what stratagems they are going to use to get around the legislation.

For instance the best known brokerage house in Hong Kong is Sun Hung Kai Securities. This is a publicly quoted company known to derive a significant part of its income from commissions on share trading in Hong Kong. SHK is not in fact a member of any exchange but has partnerships, or arrangements, with members of the existing exchanges. Under the new legislation however it, as a corporation, would be unable to enter into partnerships with members.

Everyone concerned knows that informal profit sharing arrangements with brokers can be made. But whether such arrangements would be desirable for companies, or even proper for public quoted companies, is debatable.

Critics of the legislation say it has created an odd situation where the Government says that corporations cannot be stockbrokers while one of the best known local quoted companies is just that.

In defence of itself, the Government has fallen back on the argument that corporations are unsuitable because of their limited liability. However, overseas markets, such as London, New York and Tokyo to which Hong Kong often looks for guidance, have not taken this view. And the Government has not responded to suggestions that corporate members show larger net worth, or that their directors assume unlimited liability for their brokerage operations.

MONTEDISON GROUP

FARMITALIA CARLO ERBA

HIGHLIGHTS FROM THE 1979 ANNUAL REPORT

During 1979 Farmitalia Carlo Erba further improved on the satisfactory results achieved in 1978, confirming the success of the merger between Farmitalia S.p.A. and Carlo Erba S.p.A. and of the corporate policy guidelines adopted over the past two years.

The net profit for the year under review was Lit. 6,203 m. marking a substantial improvement over the previous year.

This favourable result arises from improvements in efficiency, mainly on the production side, from growth in foreign business and from strict control of overheads and financing charges. The profit was arrived at after depreciation and amortization charges of Lit. 28,119 m., tax of Lit. 3,777 m. and writedowns in investments in subsidiaries of Lit. 984 m.

Consolidated sales in the Farmitalia Carlo Erba Group in 1979 amounted to over Lit. 430 bn., an improvement of 15% over the previous year. Of the total, 53% is accounted for by exports from Italy to outside customers and by local sales of foreign subsidiaries, while intra-Group sales amounted to to Lit. 65 bn. Local sales by foreign subsidiaries totalled the equivalent of Lit. 149.5 bn., an increase of more than 18.5% over 1978.

The most profitable companies in Europe were the West German and Belgian subsidiaries, and in Central and South America the Argentinian, Mexican, Panamanian and Peruvian subsidiaries. The Spanish, British, South African, Indonesian and Hong Kong companies also reported satisfactory profits. The improvement in sales achieved by the Greek subsidiary was particularly notable. As a whole, the foreign subsidiaries show a substantial improvement in profits in comparison with 1978. At 31st December 1979, Group personnel amounted to 11,252 including 3,625 staff employed by the foreign subsidiaries.

Berjuntai Tin Dredging Berhad

(Incorporated in Malaysia)

Extracts from the Statement by the Chairman, Y. B. Encik Abdul Ghafar Baba, for the year ended 30th April, 1980

Past Year's Performance

Contrary to the forecast made in my statement last year, the total production for 1980 was lower than the preceding year's achievement. At 65,500 piculs, the production was 3.8% less than the production for 1979. The marginal decline was due to reduced throughput caused by unexpected difficult operating conditions experienced by some of the dredges.

As a result of a higher average net price received per picul of tin concentrate ($1,137 against $996 for 1979), the mining profit of $40,686,050 was comparable with the previous year's figure of $39,215,160. Interest receivable increased by about 41% to $5,157,704 and consequently, the profit before taxation at $45,842,754 was $2,974,521 (or 6.9%) above the previous year's level.

The after tax profit was $15,774,358 compared with $17,160,451 for the previous year, the small decrease being caused by the higher incidence of taxation which was $30,068,396 compared with $25,707,782 in 1979. The earnings per share was 52 sen (1979: 58 sen).

Dividends

An interim dividend of 40 sen per share (1979: 55 sen), less tax at 40%, was paid during the year. Your directors have recommended the payment of a final dividend of 45 sen per share (1979: 40 sen), less tax at 40%, which, subject to your approval at the annual general meeting to be held on 29th August 1980, will be paid on 4th September 1980.

Projections for the Current Year

Production by the company's dredges in respect of the year ending 30th April 1981 is expected to be marginally lower than that for the year under review. This is due to the generally lower grade of ground to be dredged and the scheduled 5-month shutdown of No. 5 dredge for major repairs and modifications. Profitability will, therefore, be affected by the lower production and rising costs unless the metal price increases appreciably. With the United States authorities resuming sales of stockpiled tin in July, the current world-wide recession and the projected surplus supply of tin concentrate, the metal price may be depressed in the second half of this year.

As it has not been possible to acquire the area adjoining Sungei Selangor, No. 5 dredge will be transferred to an area within the main property via a pre-cut flotation channel when it exhausts the payable tailing reserves in the area presently being worked during the second quarter of the current financial year. After the transfer, major modifications to the dredge will be made to enable it to work the deeper ground.

Developments During the Year

The construction of No. 9 dredge is progressing satisfactorily.

All investigations in respect of the joint venture with Kumpulan Perangsang Selangor Berhad have been completed and are being reviewed by the joint venture partners.

During the year, an agreement was concluded for the sale of the company's tin concentrate and associated minerals to Malaysia Mining Corporation Berhard (MMC). The new marketing arrangement has now entered its second year and your directors are of the view that the company has obtained higher prices for its tin concentrates than it would have achieved had it not been for MMC's direct involvement in the international tin trade.

The 1980 National Budget introduced, with effect from 18th October 1979, a "cost-plus" basis for calculating the tin export duty but at the same time the budget increased the upper rate of tin profits tax from 12½% to 15% effective from year of assessment 1980. Overall, the new budget has reduced the company's after tax profit for the year under review.

Operating costs, particularly the cost of power and other oil-related items, are rising and it is hoped that the government will take positive steps to review the rate of export duty in the light of the continuing increase in the cost of production.

Reactivation of No. 1 Dredge

In an effort to improve the profitability of the company the management is currently investigating the possibility of reactivating No. 1 dredge which was closed in 1976 when its equipment was considered obsolete. Modifications and repairs to the dredge are expected to take one year.

24th July 1980

Copies of the report and accounts and chairman's statement can be obtained from the registrars, Pernas Charter Management Sdn. Berhad, P.O. Box 936, Kuala Lumpur 01-02, Malaysia, or the United Kingdom Registrars' office at Charter House, Park Street, Ashford, Kent TN24 8EQ, and 40 Holborn Viaduct, London EC1P 1AJ.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on August 4, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	105.0
Albania	Lek	10.04
Algeria	Dinar	6.0180
Andorra	French Franc	9.6875
	Spanish Peseta	168.30
Angola	Kwanza	66.909
Antigua (S)	E. Caribbean $	0.30
Argentina	Ar. Peso Free Rate	4,436.0
Australia (S)	Australian $	2.0335
Austria	Schilling	99.616
Azores	Portug. Escudo	116.50
Bahamas (S)	Ba. Dollar	2.345
Bahrain (S)	Dinar	0.886
Balearic Isles	Spa. Peseta	168.30
Bangladesh (S)	Taka	36.05
Barbados (S)	Babados $††	4.6860
Belgium	B. Franc	(cm) 66.65
		(fn) 66.90
Belize	B $	4.6860
Benin	C.F.A. Franc	484.376
Bermuda (S)	Bda $	9.3430
Bhutan	Indian Rupee	18.25
Bolivia	Bolivian Peso	68.80
Botswana (S)	Pula	1.8280
Brazil	Cruzeiro ‡‡	126.61
Brit. Virgin Isles (S)	U.S. $	9.3430
Brunei (S)	Brunei $	4.9920
Bulgaria	Lev	2.0087
Burma	Kyat	15.80
Burundi	Burundi Franc	813.665
CameroonRepublic	C.F.A. Franc	484.375
Canada	Canadian $	2.7130
Canary Islands	Spanish Peseta	168.30
Cape Verde Isle	Cape V. Escudo	85.90
Cayman Islands (S)	Cay. Is. $	1.8525
Cent. Af. Repub.	C.F.A. Franc	484.375
Chad	C.F.A. Franc	484.375
Chile	C. Peso	(Bk) 91.74
China	Renminbi Yuan	3.4327
Colombia	C. Peso	(F) 119.16
Comoro Islands	C.F.A. Franc	484.375
Congo (Brazzaville)	C.F.A. Franc	484.375
Costa Rica	Colon	20.15
Cuba	Cuban Peso	1.5982
Cyprus (S)	Cyprus £	0.8180
Czechoslovakia	Koruna	(com) 12.35
		n/c 21.5 1
		(T) 21.12
Denmark	Danish Krone	19.96
Djibouti	Fr.	390 (sg)
Dominica (S)	E. Caribbean $	6.35
Dominican Repub.	Dominican Peso	2.3430
Ecuador	Sucre	(O) 68.98
		(F) 64.62
Egypt	Egyptian £	(U) 1.65
Equatorial Guinea	Ekpwele	168.30
Ethiopia	Ethiopian Birr	(P) 4.7060
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.95
Fiji Islands	Fiji $	1.6055
Finland	Markka	8.544
France	French Franc	9.6875
French Cty in Af*	C.F.A. Franc	484.375
French Guiana	Local Franc	9.6875
French Pacific Is.	C.F.P. Franc	170 (sg)
Gabon	C.F.A. Franc	482.376
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.185
Germany (West)	Deutsche Mark	4.185
Ghana (S)	Cedi	6.41
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	101.60

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	16.86
Grenada (S)	E. Caribbean $	0.35
Guadaloupe	Local Franc	8.6875
Guam	U.S. $	9.3430
Guatemala	Quetzal	2.3450
Guinea Republic	Syli	45.90
Guinea Bissau	Peso	78.35
Guyana (S)	Guyanese $	5.9745
Haiti	Gourd	11.715
Honduras Repub.	Lempira	4.79
Hong Kong (S)	H.K. $	11.5875
Hungary	Forint	(com) 75.7889
		(T)(nc) 53.8067
Iceland (S)	I. Krona	1,151.6
India (S)	Ind. Rupee	18.85
Indonesia	Rupiah	1,470.60
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6896
Irish Republic (k)	Irish £	1.1080
Israel	Shekel	12.40
Italy	Lira	1,969.6
Ivory Coast	C.F.A. Franc	484.376
Jamaica (S)	Jamaica Dollar	4.1785
Japan	Yen	589.5
Jordan (S)	Jordan Dinar	0.684 (sg)
Kampuchea	Riel	2,811.6
Kenya (S)	Kenya Shilling	17.125
Kiribati	Australian $	2.0336
Korea (Nth)	Won	9.01 (II)
Korea (Sth)	Won	1,438.72
Kuwait	Kuwait Dinar	0.628
Laos	Kip Pot Po	37.65
Lebanon	Lebanese £	8.0400
Lesotho	Loti	1.7870
Liberia	Liberian $	2.3430
Libya	Libyan Dinar	0.6935
Liechtenstein	Swiss Franc	3.8676
Luxembourg	Lux Franc	66.66
Macao	Pataca	12.30
Madeira	Portug'se Escudo	116.60
Malagasy Republic	MG Franc	484.375
Malawi (S)	Kwacha	1.8750
Malaysia (S)	Ringgit	5.0340
Maldive Islands (S)	Mal Rupee	6.2470
Mali Republic	Mali Franc	968.75
Malta (S)	Maltese £	0.809
Martinique	Local Franc	9.6875
Mauritania	Ouguiya	06.30
Mauritius (S)	M. Rupee	17.60
Mexico	Mexican Peso	54.21
Miquelon	C.F.A. Franc	484.375
Monaco	French Franc	9.6876
Mongolia	Tugrik	(o) 5.696 (II)
Montserrat	E. Caribbean $	6.65
Morocco	Dirham	8.91 (sg)
Mozambique	Metical	57.36
Nauru	Australian Dollar	2.0335
Nepal	Nepalese Rupee	28.25
Netherlands	Guilder	4.56
Netherland Antilles	Antillian Guilder	4.1040
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4036
Nicaragua	Cordoba	23.525
Niger Republic	C. F. A. Franc	484.376
Nigeria (S)	Naira	1.270648 (sg)
Norway	Norway Krone	11.455
Oman Sultate of (S)	Rial Omani	0.806
Pakistan	Pakistan Rupee	23.0
Panama	Balboa	2.3430
Papua N. Guinea (S)	Kina	1.5630
Paraguay	Guarani	285.41

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc (A) 675.66
Philippines	Philippine Peso	17.10
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4035
Poland	Zloty	(Cm) 71.06
		(T) 71.06
Portugal	Portugu'se Escudo	116.50
Puerto Rico	U.S. $	2.3430
Qatar (S)	Qatar Ryal	8.51
Reunion Ile de la	French Franc	6.6875
Romania	Leu	(Cm) 10.48
		(n/c) T28.10
Rwanda	Rwanda Franc	921.19
St. Christopher (S)	E. Caribbean $	6.35
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.35
St. Pierre	Local Franc	9.6876
S. Vincent (S)	E. Caribbean $	6.35
Salvador El	Colon	5.88
Samoa American	U.S. $	2.3430
San Marino	Italian Lira	1,869.5
Sao To'e & Principe	Dobra	80.60
Saudi Arabia	Ryal	7.76
Senegal	C.F.A. Franc	484.376
Seychelles	S. Rupee	14.70 (sg)
Sierra Leone (S)	Leone	9.4610
Singapore (S)	Singapore $	4.9920
Solomon Islands (S)	Solomon Is. $	1.9345
Somali Republic	Somali Shilling	(A) 14.16
South Africa (S)	Rand	1.7870
South West African Territories (S)	S. A. Rand	1.7870
Spain	Peseta	168.30
Spanish ports in North Africa	Peseta	168.30
Sri Lanka (S)	S. L. Rupee	37.23
Sudan Republic	Sudan £ (1)	1.17
Sudan Republic	Sudan £ (2)	1.87
Surinam	S. Guilder	4.1940
Swaziland (S)	*Lilangeni*	*1.7870*
Sweden	S. Krona	6.7850
Switzerland	Swiss Franc	3.8675
Syria	Syria £	(A) 9.2386
Taiwan	New Taiwan $	84.35
Tanzania (S)	Tan. Shilling	16.95
Thailand	Baht	47.59
Togo Republic	C.F.A. Franc	484.376
Tonga Islands (S)	Pa'anga	9.0335
Trinidad (S)	*Trinidad & Tob. $*	5.6230
Tunisia	Tunisian Dinar	0.637 (SG)
Turkey	Turkish Lira	186.40
Turks & Caicos	U.S. $	2.3430
Tuvalu	Australian $	2.0336
Uganda (S)	Uganda Shilling	17.076
United States	U.S. Dollar	2.3430
Uruguay	Uruguay Peso	(cm) 81.30
		(fn) 21.31
Utd. Arab Emirates	U.A.E. Dirham	8.63
U.S.S.R.	Rouble	1.5136
Upper Volta	C.F.A. Franc	484.376
Vanuatu	Franc	158 (6G)
	Aust. Dollar	2.0335
Vatican	Italian Lire	1,969.6
Venezuela	Bolivar	10.10
Vietnam	Dong	(D) 5.1296
		(T) 4.9215 (t)
Virgin Islands U.S.	U.S. Dollar	9.3430
Western Samoa	S. Samoan Tala	2.1200
Yemen (Nth)	Ryal	10.95 (6G)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8000
Yugoslavia	New Y Dinar	64.2398
Zaire Republic	Zaire	6.786879
Zambia	Kwacha	1.8260
Zimbabwe	Zimbabwe $	1.4855

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 98.40. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (||) Based on gross rates against Russian rouble. (1) Official rate for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

Dollar weaker

The dollar weakened in fairly quiet foreign exchange trading yesterday, reacting to the lower trend in Eurodollar interest rates. It fell to DM 1.7850 from DM 1.7925 against the D-mark, to SwFr 1.6500 from SwFr 1.6610 in terms of the Swiss franc, and to Y226.00 from Y226.90 against the Japanese yen.

Although the decline in Eurodollar rates led to the general weakness of the U.S. currency, it recovered slightly in late trading following news that Chemical Bank—one of only two U.S. banks to reduce its prime rate to 10¾ per cent recently—had moved back into line with the others at 11 per cent.

On Bank of England figures, the dollar's trade-weighted index fell to 84.7 from 84.9.

Sterling was quite firm, gaining ground against the dollar, but easing slightly against major Continental currencies. Its trade-weighted index, as calculated by the Bank of England, rose to 74.6 from 74.5, after standing at 74.7 at noon and in the morning.

The pound opened at $2.3350-2.3360, the weakest point of the day, and recovered to $2.3400 in early trading, moving up to $2.3475 at noon. It touched a best level of $2.3550-2.3560 in the afternoon, and closed at $2.3425-2.3435, a rise of 95 points on the day.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a *firmer tendency against the* dollar following a sharp narrowing of interest rate differentials —The D-mark advanced against most EMS currencies at the Frankfurt fixing, and also improved against the dollar. The Bundesbank did not intervene when the U.S. currency fell to DM 1.7814 from DM 1.7913, and probably was not active in the open market. Sterling rose to DM 4.1850 from DM 4.1820, and the Swiss franc to DM 1.0815 from DM 1.0804. Among EMS members the French franc eased to DM 43.13 per 100 francs from DM 43.20, and the Italian lira to DM 2.116 per 1,000 lira from DM 2.124.

ITALIAN LIRA — Still the weakest currency within the EMS, but showing a steadier tendency following the early July support package—The lira recorded no particular pattern at the Milan fixing, rising against the dollar, but losing ground to the Swiss franc and sterling. The dollar fell to L840.55 from L843.30, while the pound rose to L1,978.20 from L1,971.50. Within the EMS the D-mark was slightly stronger, but the French franc lost ground.

DANISH KRONE—Showing a steadier tendency within the EMS recently, following the improvement in Denmark's trade deficit. The currency was devalued twice in 1979 — The krone was firm at the Copenhagen fixing, improving against the dollar, Swiss franc, Swedish krona and Norwegian krone, while showing mixed changes against its EMS partners. Trade figures for June are expected to be announced today, and hopes of a continued narrowing of the deficit helped keep the krone around the middle of the EMS. The French franc eased to DKr 1.3365 from DKr 1.3385 at the fixing, while the D-mark rose to DKr 3.0988 from DKr 3.0968. *The dollar declined to* DKr 5.5370 from DKr 5.5480.

JAPANESE YEN — Showing weaker *trend* once again after marked recovery on *the* downward trend in U.S. interest rates. Last year fears *about* energy supplies and balance of payments problems severely depressed the currency — The yen recovered slightly against the dollar in light Tokyo trading, closing at Y226.85.

THE POUND SPOT AND FORWARD

Aug. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3350-2.3560	2.3425-2.3435	1.57-1.47c pm	7.78	3.48-3.38 pm	5.85
Canada	2.7020-2.7200	2.7125-2.7135	1.70-1.60c pm	7.30	3.80-3.70 pm	5.50
Nethlnd.	4.55-4.58	4.55½-4.56½	3⅛-2⅛c pm	7.89	8-7 pm	6.82
Belgium	66.55-67.00	66.60-66.70	28-18c pm	4.14	65-55 pm	3.66
Denmark	12.94-12.99	12.94½-12.95½	—	—	—	—
Ireland	1.1030-1.1090	1.1075-1.1085	0.02p pm-0.02 dis	—	0.18-0.13 pm	0.56
W. Ger.	4.16½-4.20	4.18-4.18	3⅞-2⅞pf pm	9.68	8½-7½ pm	7.76
Portugal	116.10-117.00	116.40-116.60	35c pm-15 dis	1.03	15pm-45dis	−0.51
Spain	166.20-168.05	168.25-168.35	50-105c dis	−5.52	2.60-3.40dis	−7.01
Italy	1968-1978	1969-1970	13¾-16¾lire dis	−9.29	47-50 dis	−9.85
Norway	11.43-11.51	11.45-11.46	8¾-6¾ore pm	7.98	18¾-17¾ pm	5.89
France	9.67½-9.74	9.68¼-9.69¼	5-4c pm	5.57	11½-10½ pm	4.44
Sweden	9.76-9.82	9.78-9.79	3⅞-3ore pm	4.21	7-6½ pm	2.86
Japan	527-533	529-530	2.15-1.70y pm	4.36	5.05-4.80 pm	3.64
Austria	29.55-29.70	29.59-29.64	18-16gro pm	6.89	50-35 pm	5.74
Switz.	3.85½-3.89½	3.86¼-3.87¼	4½-3½c pm	12.41	10½-9½ pm	10.47

Belgian rate is for convertible francs. Financial franc 66.85-66.95. Six-month forward dollar 4.92-4.82c pm. 12-month 8.80-8.70c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3350-2.3560	2.3425-2.3435	1.57-1.47c pm	7.78	3.48-3.38 pm	5.85
Ireland†	2.1100-2.1206	2.1125-2.1175	1.28-1.18c pm	6.98	3.45-3.35 pm	6.42
Canada	1.1561-1.1578	1.1561-1.1564	par-0.04c dis	−0.21	0.06-0.11dis	−0.29
Nethlnd.	1.9425-1.9515	1.9440-1.9455	0.13-0.03c pm	0.49	0.45-0.35 pm	0.82
Belgium	28.44-28.68	28.44-28.46	5-6½c dis	−2.42	13-16 dis	−2.04
Denmark	5.5205-5.5355	5.5205-5.5220	3¾-3¼ore dis	−7.61	10½-11 dis	−7.79
W. Ger.	1.7800-1.7920	1.7845-1.7855	0.32-0.27pf pm	1.98	0.93-0.88 pm	2.03
Portugal	49.25-49.90	49.55-49.75	10-30c dis	−4.83	40-80 dis	−5.26
Spain	71.77-72.00	71.83-71.89	75-95c dis	−14.19	215-245dis	−12.88
Italy	840-60-843.00	840.60-841.00	12-14lim dis	−18.55	32-36 dis	−15.94
Norway	4.8875-4.8935	4.8920-4.8935	0.25ore pm-0.25 dis	—	9.70-0.20 pm	0.37
France	4.1350-4.1475	4.1400-4.1415	0.60-0.70c dis	−1.88	1.42-1.57dis	−1.44
Sweden	4.1745-4.1775	4.1765-4.1775	1.15-1.30ore dis	−3.52	3.40-3.55dis	−3.33
Japan	225.40-226.80	225.95-226.05	0.55-0.70y dis	−8.32	1.10-1.25dis	−2.08
Austria	12.62-12.67½	12.62¼-12.63¼	0.60-1.20gro dis	−0.85	1.25-3.00dis	−0.67
Switz.	1.6450-1.6635	1.6495-1.6505	0.72-0.62c pm	4.87	2.10-2.00 pm	4.97

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Aug. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.581507	0.605731
U.S. $	10	1.61009	1.41062
Canadian $	10.18	1.61748	1.63237
Austria Sch.	6¾	16.6460	17.8637
Belgium F	12	37.4466	40.6164
Danish K	16	7.26117	7.81270
D'mark	7½	2.34676	2.52500
Guilder	6	8.56123	9.75476
French Fr.	9½	6.43425	5.84701
Lira	15	1004.86	1189.64
Yen	0	298.670	320.704
Norwgn. Kr.	9	8.40941	6.89590
Spanish Pts.	8	94.2716	101.670
Swedish Kr.	10	6.47211	5.88044
Swiss Fr.	6	—	2.34303

CURRENCY MOVEMENTS

Aug. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.6	−31.6
U.S. dollar	84.7	−9.0
Canadian dollar	81.5	−16.5
Austrian schilling	157.1	+25.1
Belgian franc	116.1	+14.3
Danish kroner	107.2	−4.0
Deutsche mark	156.0	+43.8
Swiss franc	197.5	+78.7
Guilder	126.2	+20.1
French franc	101.6	−6.7
Lira	53.3	−51.0
Yen	126.9	+24.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Aug. 4	£	$		£ Note Rates
Argentina Peso	4426-4446	1882-1889	Austria	29.40-29.70
Australia Dollar	2.0315-2.0355	0.8680-0.8685	Belgium	66.70-67.30
Brazil Cruzeiro	126.01-127.01	53.68-53.88	Denmark	12.92-13.02
Finland Markka	8.536-8.53	3.6480-3.6490	France	9.66-9.72
Greek Drachma	100.384-102.818	42.95-43.10	Germany	4.17-4.20
Hong Kong Dollar	11.59-11.60½	4.8540-4.9590	Italy	1950-2040
Iran Rial	n.a.	n.a.	Japan	580-535
Kuwait Dinar (KD)	0.625-0.631	0.2686-0.2687	Netherlands	4.54½-4.57½
Luxembourg Frc.	66.60-66.70	28.44-28.46	Norway	11.43-11.53
Malaysia Dollar	5.0280-5.0400	2.1406-2.1515	Portugal	113-117
New Zealand Dlr.	2.4010-2.4060	1.0855-1.0265	Spain	165½-170
Saudi Arab. Riyal	7.73-7.70	3.3195-3.3210	Sweden	9.79-9.89
Singapore Dollar	4.9860-4.9980	2.1315-2.1335	Switzerland	3.86-3.89
Sth. African Rand	1.7855-1.7875	0.7625-0.7630	United States	2.34¼-2.35½
U.A.E. Dirham	8.80-8.68	6.6875-3.6890	Yugoslavia	63½-70

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3198	+1.33	+0.40	±1.53
Danish Krone	7.72336	7.82362	+1.30	+0.37	±1.64
German D-Mark	2.48208	2.52398	+1.69	+0.76	±1.125
French Franc	5.84700	5.85478	+0.13	−0.80	±1.3557
Dutch Guilder	2.74362	2.75298	+0.34	−0.59	±1.512
Irish Punt	0.668201	0.668852	+0.10	−0.83	±1.668
Italian Lira	1157.79	1191.52	+2.91	+2.26	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.343	4.185	526.6	8.688	3.868	4.590	1970.	2.713	66.66
U.S. Dollar	0.497	1.	1.786	226.0	4.130	1.651	1.946	840.6	1.158	28.45
Deutschemark	0.936	0.560	1.	196.6	2.310	0.924	1.090	470.6	0.648	15.93
Japanese Yen 1,000	1.889	4.425	7.904	1000.	18.30	7.304	8.612	3720.	5.124	125.9
French Franc 10	1.032	2.410	4.320	546.6	10.	3.892	4.707	2033.	9.801	68.80
Swiss Franc	0.259	0.606	1.082	136.8	2.605	1.	1.179	508.2	0.701	17.23
Dutch Guilder	0.219	0.514	0.918	115.1	2.124	0.848	1.	431.6	0.595	14.62
Italian Lira, 1,000	0.508	1.190	9.125	268.8	4.916	1.964	2.315	1000.	1.378	33.84
Canadian Dollar	0.369	0.864	1.543	196.2	3.571	1.426	1.681	725.9	1.	24.57
Belgian Franc 100	1.500	3.615	6.278	794.4	14.53	6.803	6.842	2955.	4.071	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 7/16	offer 10 9/16	bid 10 5/8	offer 10 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	16⅛-16⅜	10-10¼	10½-11⅛	8⅝-8⅞	8-8¼	8¾-8⅞	12-12¼	18-23	10⅜-10½	13-13½
7 days' notice	17⅞-18⅛	10⅛-10⅜	10½-11⅛	9⅝-9⅞	5½-6	8 11/16-8 13/16	12-12¼	29-34	10⅜-10⅝	13¼-13⅝
Month	17½-17⅞	10 1/16-10 3/16	10¾-11⅛	9⅛-9⅜	5 7/16-5 11/16	8⅝-8⅞	12-12¼	25¾-28¼	10 1/16-10 3/16	13-13¼
Three months	16½-16¾	10⅜-10⅝	10¾-11⅛	9⅜-9⅝	5⅜-5⅝	8¼-8⅝	11 13/16-12 1/16	25-26½	10 7/16-10 9/16	12¼-12½
Six months	15-15¼	10 5/16-10 7/16	10¾-11⅛	9⅛-9⅜	5⅜-5⅝	7 11/16-8	11 13/16-12 1/16	24¼-25¾	10½-10⅝	11⅛-11¼
One Year	14-14¼	10 7/16-10 9/16	10¾-11⅛	8⅛-8⅜	5 5/16-5 7/16	7⅞-7 13/16	11¾-12	21-22½	10 9/16-10 11/16	10⅛-10⅜

Long-term Eurodollar two years 11-11¼ per cent; three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 11½-11¾ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.95-10.05 per cent; three-months 9.95-10.05 per cent; six months 10.05-10.15 per cent; one year 10.30-10.50 per cent.

INTERNATIONAL MONEY MARKET

Europe rates ease

Frankfurt call money fell to its lowest level since the end of May yesterday, at 9.45 per cent compared with 9.57½ on Friday. This was slightly below the Bundesbank's Lombard rate of 9.5 per cent, and follows Friday's injection of DM 5.4bn of liquidity to the money market by the central bank through a sale and repurchase scheme to run until August 25. A similar "pension" agreement by which banks sell securities to the authorities for a limited period is due to expire at the end of this week however. This is expected to drain DM 3.8bn from the market, which may lead to a sharp increase in interbank borrowing, and push up short term interest rates.

Government disbursements have also helped relieve tightness in the German money market, but around the middle of the month some DM 15bn to DM 20bn must be found in payment of tax.

In Paris call money declined to 11⅝ per cent from 11⅞ per cent, returning to the level seen twice in late July, which was the lowest point touched since February 18. The easing of money market conditions reflects the cut in French Treasury bill rates last week, and the ½ per cent reduction to 11½ per cent in the Bank of France intervention rate—for FFr 5bn of first category paper—the lowest level since last October.

MONEY RATES

NEW YORK

Prime Rate	10¾-11
Fed Funds	10⅛-10⅝
Treasury Bills (13-week)	8.65
Treasury Bills (26-week)	8.77

GERMANY

Discount Rate	7.5
Overnight Rate	8.45
One month	9.50
Three months	8.25
Six months	6.70

FRANCE

Discount Rate	9.5
Overnight Rate	11.625
One month	11.5625
Three months	11.5
Six months	11.375

JAPAN

Discount Rate	8.0
Call (Unconditional)	12.5625
Bills Discount (three-month)	12.6875

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave moderate assistance by buying a moderate number of Treasury bills from the Discount houses and by lending a small amount, overnight to one or two houses, at Minimum Lending Rate.

Banks brought forward small surplus balances, and the market was also helped by an excess of Government disbursements over revenue payments to the Exchequer. These were outweighed by the unwinding of a sale and repurchase agreement with the houses, and repayment of the small sum borrowed on Friday.

Discount houses paid up to 16 per cent for secured call loans, with closing balances taken at 15½-15¾ per cent.

GOLD

Firmer trend

Gold rose $8 to $628-631 in the London bullion market yesterday. Trading was quiet, with the metal moving up steadily on the lack of selling interest. It opened at $619-622, the low of the day, and was fixed at $622.25 in the morning. Gold reached its peak around the afternoon fixing of $630.75.

In Paris the 12½ kilo gold bar was fixed at FFr 84,000 per kilo (632.76 per ounce) in the afternoon, compared with FFr 84,000 ($629.55) in the morning, and FFr 83,300 ($624.60) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,795 per kilo ($622.97 per ounce), against DM 35,910 ($623.47) previously, and closed at $630-632, compared with $621-624 on Friday.

In Zurich gold finished at $628-631.

	Aug. 4		Aug. 1	
Gold Bullion (fine ounce)				
Close	$628-631	(£268-269.5)	$620-623	(£265¼-267¼)
Opening	$619-622	(£264.5-266)	$618-621	(£265½-267)
Morning fixing	$622.25	(£265.660)	$622	(£266.324)
Afternoon fixing	$630.75	(£269.404)	$622	(£266.724)
Gold Coins				
Krugerrand	$646-649	(£276-278)	$639-642	(£275¼-275½)
Mapleleaf	$641-644	(£272-275)	$635-638	(£272-273)
New Sovereigns	$158½-159½	(£67½-68½)	$107-158	(£67¼-68¼)
King Sovs.	$185-187	(£77-79)	$182-184	(£78-80)
Victoria Sovs.	$185-187	(£77-79)	$182-184	(£78-80)
French 20s	$161½-164½		$158-161	
50 pesos Mexico	$776-781		$766-771	
100 Cor. Austria	$615-620		$606-611	
$20 Eagles	$754-759		$761-766	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Aug. 4 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	16-18	—	—	—	—	—	—	—	—
2 days notice	—	—	17-17⅛	—	—	16-16¾	16½-19	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17-17⅝	17⅛-17⅜	—	—	—	—	—	—	—
One month	10⅞-16⅝	17½-17⅞	16¾-16⅞	17¼-17⅞	17⅝	17⅛-17⅝	16	—	—	—
Two months	19⅝-16⅜	16⅜-16⅞	—	10⅛-17¼	17½	17⅜	16¾-10⅞	14 9/16	16⅜	17
Three months	19¼-10	16¼-16⅜	16⅞-16⅛	16¼-16¾	17	—	15¼-10½	14 11/16	16¼	16⅛
Six months	15 7/16-15 5/16	16-16¼	14⅝-15¼	14⅞-10⅛	16⅝	16⅝	14¾-14⅞	14⅞	15 9/16	15⅛
Nine months	14⅜-14⅛	14¼-14¾	—	14⅛-15	10⅝	16⅛	—	—	14⅛	14¾
One Year	13⅞-16⅝	18⅞-14	13¾-16⅞	14-14⅜	14⅞	16	—	—	—	—
Two years	—	—	13⅛-13¼	—	14⅝	14⅛	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13-13¼ per cent; four years 12⅞-13¼ per cent; five years 12⅞-13¼ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 per cent four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14 9/16 per cent; three-months 14¾ per cent. Approximate selling rate for one-month bank bills 16⅝ per cent; two-months 15 15/16 per cent; three-months 15 11/32 per cent; one-month trade bills 16¾ per cent; two-months 16⅝ per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7078 per cent.

Companies and Markets

WORLD STOCK MARKETS

NEW YORK

Stock	Aug. 1	July 31
[illegible]		

Stock	Aug. 1	July 31	Stock	Aug. 1	July 31	Stock	Aug. 1	July 31
Cincinnati Mil.	46⅛	47½	Genuine Parts	26½	96⅜	McDonough	44	42½
Citicorp	21⅜	21¾	Georgia Pac.	28½	29⅛	McGraw Edison	26⅛	26¼
Cities Service	32⅞	33¼	Geosource	79⅛	79¾	McGraw-Hill	53⅝	31⅞
City Investg.	23½	24	Gerber Prod.	25⅜	03⅝	McLean Truckg.	9	9
Clark Equipment	34⅛	34¼	Getty Oil	81	82¾	Mead	22½	26½
Cleve Cliffs Iron	30⅞	30¾	Giddings Lewis	30¾	22¾	Media Genl.	30½	30¼
Clorox	10	10	Gillette	28⅞	22	Medtronic	77	78⅛
Cluett Peaby	9¼	0¼	Global Marine	96	34⅞	Mellon Natl.	27⅝	27⅜
Coca Cola	36⅞	37	Goodrich (BF)	21	21⅞	Melville	38⅞	40¼
Coca Btl. NY	5⅞	5⅝	Goodyear Tire	15⅝	16¼	Memorex	14¼	14¼
Colgate Palm	15	14⅞	Gould	27½	28⅞	Mercantile Sts.	36½	36⅞
Collins Aikman	8	7⅞	Grace	44	43¾	Merck	77¼	77¼
Colt Inds	45⅜	45½	Grainger (WW)	36⅛	33⅞	Meredith	32⅞	40⅜
						Merrill Lynch	28	22⅜

Stock	Aug. 1	July 31	Stock	Aug. 1	July 31
Ryder System			Xerox	28⅜	59
SFN Companies			Yellow Frt Sys	17	12½
SPS Technology			Zapata	44¾	44⅝
Safeco			Zenith Rad	14½	14⅛
Safeway Stores					
St. Joe Minls.					
St. Louis-San F.					
St. Paul Cos.					
St. Regis Paper					
Santa Fe Inds.					
Santa Fe Intl.	38½	40			
Saul Invest.	9¼	9⅛			
Saxon Inds	6⅜	6			
Schering Plo.	42¼	42⅜			

Dow 6 easier at mid-session

Profit-taking in Oils again dominated Wall Street trading as the stock market slipped back further in a reduced but still substantial turnover yesterday morning.

The Dow Jones Industrial Average, which attained a new three-year closing peak of 936.18 last Wednesday, declined 6.05 more to 925.43 at 1 pm yesterday. The NYSE All Common Index retreated 55 cents to $68.89, while declines exceeded advancing issues by more than a two-to-one margin. Trading volume slowed to 28.17m shares from last Friday's 1 pm level of 36.92m.

Market analysts had expected a backing and filling session, and news that Chemical Bank has raised its Prime Rate to 11 per cent confirmed indications in the Bond market that interest rates were moving higher before a possible resumption of the recent downward trend.

Contributing to the fresh decline in major Oils were downward revisions in profit forecasts by Wall Street analysts and reports of price cutting in the face of high inventories and slower demand.

California Standard lost 2¼ to $71½, Mobil 1⅝ to $71⅜, Union Oil 1⅞ to $55⅞ and Superior Oil 4½ to $156⅝. Exxon, however, were off only ⅛ at $69⅞.

Occidental Petroleum, which elected former First Chicago chairman Robert Abboud as president, lost 1½ at $24⅞.

General Motors and Chrysler had fractional gains and Gold issues were higher reflecting the rise in the London Gold price.

THE AMERICAN SE Market Value Index relinquished 3.57 to 310.15 at 1 pm on turnover of 3.35m shares (3.87m).

Energy issues generally were lower, with Ranger off 2¼ to $32¾ and Houston Oil down $1 to $30⅛, but Hudson's Bay advanced 1⅝ to $30¼.

Closing prices for North America were not available for this edition.

Wang Laboratories lost 1¼ more to $46 on profit-taking after gaining more than seven points last week.

Canada

The Montreal stock market presented an easier appearance around mid-day, with the Composite index recording a fall of 2.86 at 361.33. The Industrials index declined 3.88 to 390.15 and Utilities 1.33 to 256.44, but Banks edged up 0.28 to 332.15 and Papers 9.09 to 196.93.

Oil issues were mostly lower, with Dome Petroleum off 1½ to C$55, Gulf Oil down C$1 to C$31⅞ and BP Canada shedding ¾ to C$46.

Canadian Imperial Bank of Commerce improved ⅜ to C$27.

The Toronto Exchange was closed for the Civic Day holiday.

Tokyo

Share prices were inclined to drift lower in thin trading, with Petroleums and some other resources-related issues closing prominently easier.

The Nikkei - Dow Jones Average receded 40.23 to 6,753.40 and the Tokyo SE index 1.56 to 466.75, while falls on the First Market section outscored rises by 344 to 230. Turnover amounted to only 170m shares, compared with last Friday's 380m and Saturday's half-day session total of 200m.

Nippon Oil fell sharply by Y100 to Y1,200 following a deterioration in its margin trading position, and this discouraged other Petroleums and resources-related shares. Teikoku Oil declined Y20 to Y1,000 and Toa Oil Y24 to Y1,310.

Mainly easier Trading Houses had Mitsubishi down Y8 at Y662, while Pharmaceuticals, non-ferrous Metals, Electricals and Shippings mostly lost some ground.

Speculatives, which initially were bought selectively, fell back on profit-taking, but Textiles and Motor Component issues closed higher, while Yamaha Motor managed a rise of Y10 to Y850.

Germany

Leading shares were mixed after a moderate business.

The Stores sector was particularly weak, with concern expressed about the fortunes of Neckermann, which closed at DM 98, down DM 4. Karstadt also fell DM 4 to DM 222, while Horten lost DM 2.30 and Kaufhof DM 1.50.

Thyssen declined DM 1.60 in Steels and Volkswagen DM 1.30 in Motors, but Deutsche Bank advanced DM 2.70 and Linde, in Engineerings, put on DM 2.50.

Public Authority Bonds weakened slightly. The Bundesbank purchased a net DM 1.4m nominal of paper, after buying DM 10m last Friday.

Australia

With the Sydney market closed yesterday for a local holiday, trading on the Melbourne exchange was rather subdued with oil and gas explorers generally weakening.

Nagoorin shale oil partners Greenvale and Esperance relinquished 10 and 20 cents more respectively to A$3.30 and A$4.00.

Basin Oil, A$1.30 and OAG, A$2.40, shed 15 cents apiece, while Strata Oil lost 20 cents to A$2.05, Woodside Petroleum 7 cents to A$2.63 and Santos 30 cents to A$11.30.

Crusader Oil, however, advanced 30 cents to A$4.00 on news of an oil flow from its Thomby Creek No. 2 well.

Among Minings, Pancontinental declined 15 cents to A$6.75, Ashton Mining 7 cents to A$2.65 and North Broken Hill 5 cents to A$3.45, but Consolidated Goldfields climbed 30 cents to A$8.70 and Jervois Sulphates 50 cents to A$4.00.

On the Industrials boards, CSR receded 6 cents to A$7.32, but Production Equipment put on 10 cents to A$2.60, Monier 15 cents to A$1.90 and Herald 5 cents to A$2.20.

Johannesburg

Gold shares hardened as the Bullion price rose in Europe, but trading was slow. F S Geduld and Buffelsfontein put on 50 cents each, while East Drie rose 45 cents to R29.75.

Mining Financials were mixed to firmer, while Platinums improved, but Diamond issue De Beers shed 15 cents to R11.40.

Yesterday's price list of South African stocks was unavailable due to computer problems.

Paris

Bourse prices were mixed with a slight majority of declines after light trading despite the lowering of the Call Money rate by ¼ of a point to 11⅜ per cent.

Market observers said that apart from the decline in domestic interest rates, there had been no news with market-affecting potential.

Banks, Portfolios, Foods, Mechanicals, Stores and Chemicals were generally lower, but Motors, Constructions, Hotels, Metals and Oils showed a firmer bias.

Among Oils, Elf Aquitaine gained FFr 16 to FFr 1,172.

Hong Kong

All markets in Hong Kong were closed yesterday for a local holiday.

Brussels

Shares ended mixed following very quiet trading, which one dealer said was comparable to the pre-war slack trading for the years 1938-39.

Utility shares, Non-ferrous Metals and Chemicals provided some gains. Unerg rose BFr 22 to BFr 1,242, Hoboken BFr 20 to BFr 2,620 and Gevaert BFr 10 to BFr 1,260.

Oil issues, however, lost ground, with Petrofina shedding BFr 70 to BFr 4,820.

Amsterdam

A softening tendency prevailed in slack dealings, with Unilever losing Fl 2.20 and Royal Dutch Fl 3.50 in Dutch Internationals.

CANADA

Stock	Aug. 1	July 31
Abitibi	20½	20½
Agnico Eagle	13⅛	13
Alcan Alumn.	36⅞	37½
Algoma Steel	36⅜	36¼
Asbestos	35½	35¼
[illegible]		

BELGIUM (continued)

Aug. 4	Price Frs.	+ or —
Petrofina	4,820	—70
Royale Belge	6,750	....
Soc Gen Banq	2,430	—15
Soc Gen Belge	1,430	+4
Sofina	3,415	+10
Solvay	2,700	+10
Traction Elect.	2,520	+5
[illegible]		

DENMARK

Aug. 4	Price Kroner	+ or —
[illegible]		

FRANCE

Aug. 4	Price Frs.	+ or —
[illegible]		

NORWAY

Aug. 4	Price Kroner	+ or —
[illegible]		

GERMANY

Aug. 4	Price Dm.	+ or —
[illegible]		

AUSTRIA

Aug. 4	Price %	+ or —
[illegible]		

BELGIUM/LUXEMBOURG

Aug. 4	Price Frs.	+ or —
[illegible]		

HOLLAND

Aug. 4	Price Fls.	+ or —
ACF Holding	72.4	....
Ahold	73.5xd	—2.2
AKZO	23.6	—0.1
ABN	311	—1
AMEV	86	—1.6
AMRO	27.0	—0.2
[illegible]		

ITALY

Aug. 4	Price Lire	+ or —
[illegible]		

SWEDEN

Aug. 4	Price Kronor	+ or —
[illegible]		

SWITZERLAND

Aug. 4	Price Fr.	+ or —
[illegible]		

AUSTRALIA

Aug. 1	Price Aust. $	+ or —
ANZ Group	4.67	+0.04
Acrow Aust	1.06	....
Allstate Expl.	1.86	....
Ampol Pet.	1.30	—0.03
Assoc. Pulp Pap.	2.60	+0.33
Audimco	0.29	—0.01
Aust Cons Ind.	2.15	+0.05
[illegible]		

HONG KONG

Aug. 1	Price H.K. $	+ or —
[illegible]		

JAPAN

Aug. 4	Price Yen	+ or —
[illegible]		

JAPAN (continued)

Aug. 4	Price Yen	+ or —
Kubota	376	....
Kumagai	405	+5
Kyoto Ceramic	3,200	....
Lion	404	—3
Maeda Cons.	504	+4
Makita	1100	+50
Marubeni	396	—3
[illegible]		

SINGAPORE

Aug. 4	Price $	+ or —
[illegible]		

SOUTH AFRICA

Aug. 1	Price Rand	+ or —
[illegible]		

Financial Rand US$0.85¼ (Discount of 34½%)

BRAZIL

Aug. 4	Price Cruz	+ or —
[illegible]		

Indices

NEW YORK —DOW JONES

	Aug. 1	July 31	July 30	July 29	July 28	July 25	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆ Industr'ls	931.46	935.52	936.16	931.61	925.43	918.09	936.15 (30/7)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	71.84	72.12	72.69	72.68	72.84	72.69	75.61 (23/6)	63.87 (28/3)	—	—
Transport	311.08	312.31	314.47	313.91	304.45	306.90	314.47 (30/7)	233.69 (27/3)	314.47 (30/7/80)	12.23 (8/7/32)
Utilities	110.43	111.36	112.01	111.94	111.65	112.93	113.89 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's	46,440	54,618	68,350	44,840	36,330	36,250	—	—	—	—

Day's high 940.09 low 924.83

Ind. div. yield %	July 18	July 11	July 4	Year ago (approx)
	5.72	5.93	5.94	5.83

STANDARD AND POORS

	Aug. 1	July 31	July 30	July 29	July 28	July 26	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	157.27	137.77	138.41	138.68	137.31	136.64	138.68 (28/7)	111.09 (27/7)	138.68 (29/7/80)	3.52 (30/6/32)
§Composite	121.21	121.67	122.25	122.40	121.43	120.78	122.51 (21/7)	98.22 (13/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 16	July 9	July 2	Year ago (approx)
Ind. div. yield %	4.88	4.97	5.07	5.32
Ind. P/E Ratio	8.02	7.90	7.22	7.87
Long Gov. Bond Yield	10.08	10.11	10.13	8.99

N.Y.S.E. ALL COMMON

Aug. 1	July 31	July 30	July 29	1980 High	1980 Low
69.44	69.64	69.95	69.99	70.10 (21/7)	55.30 (27/3)

Rises and Falls	Aug. 1	July 31	July 30
Issues Traded	1,516	1,908	1,915
Rises	647	507	961
Falls	211	937	601
Unchanged	258	364	354
New Highs	—	75	157
New Lows	—	8	3

MONTREAL

	Aug. 1	July 31	July 30	July 29	1980 High	1980 Low
Industrial	384.60	388.45	402.37	401.16	423.88 (20/2)	325.21 (27/3)
Combined	364.22	366.30	370.26	367.95	378.88 (29/2)	298.90 (27/3)
TORONTO Composite	2193.15	2187.4	2212.1	2206.9	2212.1 (30/7)	1702.6 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
El Paso Co.	814,600	21⅛	+¼	Citicorp	541,500	21⅛	—¼
Mattel	737,100	11⅛	+⅛	Exxon	506,900	70¼	+⅛
General Foods	641,520	30	—⅜	Phillips Petrolm.	433,600	41	—
Sony	537,900	9⅝	—	UAL	465,300	23	+½
Mid-So. Utl.	555,200	12⅞	—⅛	ATT	451,800	31⅝	—½

	Aug. 4	Aug. 1	July 31	July 30	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1953/59)	(c)	817.43	870.25	918.32	847.47 (14/2)	769.00 (2/1)
Metals & Minls (1956/59)	(c)	6716.44	6740.91	6777.80	6660.95 (14/2)	4581.26 (28/6)
AUSTRIA						
Credit Aktien (2/1/62)	67.55	67.36	67.66	67.36	69.49 (7/1)	66.86 (23/6)
BELGIUM						
Belgian SE (31/12/63)	95.02	94.86	94.84	94.79	105.75 (11/2)	90.74 (31/3)
DENMARK						
Copenhagen SE (1.1/73)	83.54	36.28	86.45	86.78	36.74 (2/1)	74.78 (6/3)
FRANCE						
CAC General (29/12/61)	106.3	136.3	105.8	107.7	117.6 (22/2)	97.1 (3/1)
Ind Tendance (28/12/79)	116.9	110.6	110.6	113.5	111.4 (24/7)	95.3 (3/1)
GERMANY						
FAZ-Aktien 31/12/58	234.59	234.39	235.04	234.65	238.83 (25/2)	212.73 (28/3)
Commerzbank (Dec. 1953)	738.9	737.3	740.1	735.9	740.2 (25/2)	667.3 (27/3)
HOLLAND						
ANP-CBS General (1970)	86.4	87.1	33.8	87.2	88.3 (25/7)	74.3 (27/3)
ANP-CBS Indust. (1970)	66.7	66.9	66.5	68.3	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	1144.2	1168.55	1168.74	1168.74 (30/7)	738.5 (13/3)
ITALY						
Banca Comm. Ital (1972)	112.79	713.31	113.30	112.11	113.66 (31/7)	53.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6753.40	6793.3	6819.65	6821.13	6904.31 (25/4)	6475.96 (27/3)
Tokyo New SE (4/1/68)	466.75	469.44	470.90	466.82	478.58 (25/6)	449.31 (13/3)
NORWAY						
Oslo SE (1/1/72)	123.65	125.92	124.91	125.42	144.70 (14/2)	113.12 (26/6)
SINGAPORE						
Straits Times (1966)	574.87	579.19	582.96	580.25	582.96 (31/7)	429.75 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	—	781.3	772.8	793.7 (29/7)	640.5 (2/7)
Industrial (1958)	(u)	—	595.3	592.2	595.3 (31/7)	456.9 (2/1)
SPAIN						
Madrid SE (28/12/79)	(c)	103.96	103.66	103.98	105.98 (30/7)	93.75 (15/5)
SWEDEN						
Jacobson & P. (1/1/58)	375.61	374.45	372.87	372.13	386.90 (8/2)	334.72 (17/1)
SWITZERLAND						
SwissBank Co. (31/12/58)	313.5	(e)	319.7	313.2	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	146.3	146.3	147.3	143.6 (21/7)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. a Closed. u Unavailable.

هكذا من الأصل

COMMODITIES AND AGRICULTURE

Zimbabwe to restrict tobacco production

By Our Own Correspondent

ZIMBABWE'S Agriculture Minister Senator Denis Norman said yesterday that the country would have to restrict tobacco production for at least two years.

In a statement on the Government's tobacco support plan, the minister said the 1980-81 crop would have to be reduced to 70m kilogrammes from 115m kilogrammes in 1979-80 while the 1981-82 crop would have to be "*further controlled.*" Senator Norman warned that the support scheme — details of which he did not disclose — would not necessarily enhance prices to any great extent but should provide stability on the auction floors and improve the viability of producers.

The plan is understood to have involved government guarantees for an amount of £13m to the tobacco trade to buy in leaf during the current sales.

Any such tobacco would by agreement with the government, be withheld from the market place until the 1983 auction sales. With half the 1979/80 crop the price so far has averaged just over 48 pence a kilogramme as against an average under economic sanctions last year of 55 pence.

French give warning on price of UK apples

BY RICHARD MOONEY

BRITISH housewives could soon be paying £1 a lb for apples if UK producers succeed in their bid to win renewed protection from market forces, a French growers' representative warned in London yesterday.

M. Claude Calleja, chairman of the national apple section of AFCOFEL, the French fruit and vegetable growers' organisation, said producers should work to increase consumption rather than seeking to restrict supply.

The French had a "dynamic" approach to apple marketing, he said, but British growers had become used to market protection and high prices in the years preceding the UK's accession to the Common Market. He added, however, that he would like to congratulate British growers on their recent efforts to improve the marketing of their produce.

British apple growers have become increasingly angry about imports of French Golden delicious apples which they say are driving many of them out of business. They have pressed the Government and the EEC Commission to take action aimed at reducing the flow, especially of poorer grades. The French are able to undercut prices of home-grown apples because of direct Government aid to growers and heavily subsidised promotion, the British claim.

M. Andre Potel, chairman of INTERFEL, the National Association of French fruit and vegetable shippers, said the French realised the problems of UK producers and were not unconcerned about the state of the British market. For many years French producers had been trying to regulate supplies to the European market but their calls for a ban on intra-community trade in apples below the top grade had not been supported by growers in other EEC countries.

"We hope meetings taking place now will find common ground on this," M. Potel said.

The French had tried to ensure that only good quality fully mature fruit was exported to Britain and had tried to spread shipments so as not to "perturb" the UK market, he added.

M. Potel denied that any direct aids were paid to help exports to Britain and said most of the cost of promotion was met from dues paid by the producers themselves. Preferential interest rates were only available for renewals of orchards not for new plantings and were only granted to groups of producers.

M. Calleja said shipments to Britain this year would not start until about August 18, ten days later than usual. Efforts were being stepped up to persuade shippers not to flood the market early on, as happened last year, and to avoid too many over-green apples arriving.

Total shipments — mostly Golden Delicious but also some Granny Smiths and Red Delicious—were likely to be about 230,000 tonnes, similar to last season. M. Calleja thought a further increase was unlikely. French exports to Britain had reached a good "cruising speed" he said, and more effort was now being put into other markets, especially the Middle East.

There had been no deal to cut exports he said—"this would be against community regulations." Demand would determine the amount shipped: "The supply of French apples will be no more and no less than demand."

Britain was the biggest export market for French apples but West Germany was not far behind. In terms of consumption per head, however, Britain was not the leader; the Danes consumed more and several other nationalities were on a par with the British.

Barley offers set record

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

A RECORD 40,000 tonnes of British feed barley has been offered to the Home Grown Cereals Authority for sales to intervention stores so far this season. This exceeds the whole amount ever bought into intervention since the system started operating in the UK four years ago—probably not more than 33,000 tonnes.

There is a strong possibility that once the spring barley comes into harvest—so far only the winter barley, about 30 per cent of the crop, is anywhere near harvested—the quantities offered will increase dramatically.

The reason for the offers to intervention is quite simply that with a poor demand for compound feeds, considerable depression among maltsters and other users, the price offered for barley of feed quality is between £85 and £88 per tonne, at farm for August. The standard price for barley intervention in August is £96.44 per tonne, at 15 per cent moisture subject to additions or deductions according to standards. The price rises by approximately £1.30 a month thereafter.

The intervention price is a delivered one and delivery should not cost more than about £4 a tonne. It is obvious that many merchants are going to use this outlet if the grain is of the required quality standard. It is really up to farmers to make sure that they benefit from this. There is nothing to prevent them offering their grain to intervention authorities themselves. The lots both of barley and of wheat are of a minimum of 100 tonnes.

The interventions stores have a total capacity of 300,000 tonnes and are theoretically capable of an intake of up to 3,000 tonnes a day altogether. There are two major factors inhibiting farmers making the fullest use of this arrangement, one is the difficulty of making sure that the grain is of the right standard because on rejection the farmer has to stand the cost of all transport. The other is the belief that payment through the board is slow. This, I have been assured, is not the case. If all the documents needed are presented on time, the average payment time would take about 23 days.

Sugar prices rise strongly

WORLD sugar values rose strongly yesterday reaching their highest levels since early last month. By the close the January position on the London futures market had reached £341.375 a tonne, up £12.35 from the pre-weekend level.

Prices rose in early dealings on what dealers described as "follow through support" from a world stocks forecast reduction by London merchants C. Czarnikow late last week. In the afternoon, they went further ahead encouraged by disappointing results from the first West German sugar beet test. Reports of a hurricane near Barbados did not affect the market, they said.

Coffee prices slip

By Our Commodities Staff

LONDON coffee futures prices slipped to new four-year lows yesterday as frost fears in Brazil, which had been briefly revived by a fall in temperatures last week, receded again.

At one time the November quotation fell to £1,137 a tonne but it later recovered somewhat to end the day £50 down at £1,162.5 a tonne.

After an early scare the possibility of a damaging frost in Brazil's coffee growing regions this year had been gradually written off in the face of an exceptionally mild winter there. A sudden decline in temperatures late last week brought a flurry of excitement but night-time readings never reached real danger levels and now the unseasonably warm weather has returned. This led to selling in New York after the London market had closed on Friday and the trend was continued in London yesterday.

● Roastings of green coffee from January 1 to July 26 were about 9,340,000 bags including that used for soluble production, against about 9,895,000 bags during the same period last year, Gordon Paton said.

The figures, reported in the National Coffee Association weekly newsletter, indicated 215,000 bags of green coffee were roasted in the week ended July 26 compared with roastings of about 225,000 bags in the same period a year ago.

Stocks rise hits copper

NEWS OF a small rise in London Metal exchange warehouse stocks last week when a fall had been generally expected pushed copper prices lower on the LME yesterday. Cash wirebars ended the day £14 down at £902.5 a tonne. Dealers said the strength of sterling was a further influence in the fall.

Copper stocks were up 650 tonnes to 111,275 tonnes; tin stocks rose 115 to 2,620 tonnes; lead stocks fell 975 tonnes to 39,850; and zinc stocks were up 200 tonnes at 58,575. Silver stocks were 950,000 ounces lower at 27,100,000 ounces.

AUSTRALIAN WOOL

Riding the recession

BY A CORRESPONDENT

IN THE break between the close of the 1979-80 wool selling season and the resumption of auctions last week, observers have been wondering how much of the past season's buoyancy will extend into this season.

In the past year, when the talk in the trade in general has been one of recession and decline, wool has had more than its share of success.

Australia, largest supplier of wool to consuming countries, received an all-time record of A$1,232.67m (£616.34m) for its clip at auction, the average price of 244 cents a kg greasy having been 19 per cent higher than last season. Average wools in the clip returned about 20 per cent above the floor price under the Australian Wool Corporation's reserve price scheme, which in 1978-79 produced the first net profit it had earned since its inception six years ago—of A$23.9m.

World wool output rose 2½ per cent to 2,706m kilos, the highest for eight years, though still below the record of 2,850m kilos in 1968-69. New Zealand's coarser wools accounted for about half the increase.

At the other end of the pipeline, use of the Woolmark textile symbol rose 10 per cent to a record 384m labels. This was accompanied by a 3½ per cent rise in total consumption of raw materials at the carding stage in 22 countries, the percentage increase for wool having been about three times that of man-made fibres. *Italy*, with Europe's largest wool textile industry, showed the most gain, while improvements also occurred in France, South Africa, Korea and Taiwan. In Britain and the U.S., activity declined.

Nevertheless, at consumer level in the U.S. wool consumption, at the expense of other fibres, continued the rise it began after having bottomed out in 1974 with an annual consumption of 64.3m kg clean. By 1978 it had reached 105.6m kg, and when last season's figures are complete they are expected to show that recovery has been maintained.

To some extent recession and inflation have helped wool, for at such times people go for quality and durability and prefer heavier clothing in the face of costlier and scarcer energy.

With the world economy worsening, it would be unrealistic to expect wool to make as much headway against the tide as in the season just past. The chairman of the Australian Wool Corporation expects 1980-1981 to be less buoyant than 1979-80, but "solid."

Based on the market-place alone, his prediction would doubtless have been gloomier, for the slowing of growth in *consuming countries, exorbitant* interest rates and exchange rate uncertainties are inhibitors of trade.

On the other hand, wool has lately expanded its share of the fibre market following the contraction it underwent during much of the 1970s, and there are no signs that the revival of demand for wool at retail level in important consuming *countries is about to end.*

Moreover, the wool supply situation favours sellers. Drought will reduce the Australian clip by about 6 per cent, with total availability for the season estimated at 672m kg greasy, or 8 per cent less than in 1979-80. Beyond 1981, output is expected to rise steadily until at least the mid-80s.

A component of supplies are stocks held by the AWC, and here again the position is not on the buyer's side, reserves now being down to about 200,000 bales compared with a peak of almost 2m in 1975.

Drought also threatens to curb expansion in South Africa, the second-largest source of the fine wools, for which demand has lately grown. Nor are coarse wools facing embarrassment, for, although New Zealand's sheep population is currently at a record level, expansion is overshadowed by concern about the EEC's reception of NZ lamb, restrictions on the import of which would depress wool production.

On the technical side, wool marketing is constantly being made more efficient. Sale by sample was applied to 86 per cent of the Australian clip last season, sale by measurement has come nearer and standards of purity are being raised. Similar progress is taking place in the other producing countries that subscribe to the International Wool Secretariat. At the promotional level, growers, through the IWS, are urging processors, and especially topmakers, to contribute to funds in their own interest.

The AWC, which takes pains to get its *sums* right, has set the floor price in Australia for the coming season 14.8 per cent higher than for the last one—in line, it would seem, with the forecast of a period that will be solid rather than sensational.

Walker renews sheepmeat pledge

BY OUR COMMODITIES STAFF

PETER WALKER, the UK Agriculture Minister, yesterday renewed his pledge to "exert every effort" to push through the proposed EEC sheepmeat regime at a Brussels meeting in September.

The regime, which would greatly increase returns to British producers, is being held up by France's refusal to accept a deal to allow continued access for New Zealand lamb. EEC farm ministers agreed on the regime itself earlier this year. It is due to come into operation on October 1.

Answering a Parliamentary question Mr. Walker said: "Producer returns should be increased substantially by the higher guaranteed prices and should be further increased as the reference prices on which compensatory premiums will be based are harmonised over the next four years."

The Agriculture Ministry has published a table showing that the peak price received by British sheep farmers under the regime in the 1980-81 season will be 199.6p per 100 kilos at the end of March (it operates on a seasonal scale) compared with 173.2p under Britain's present fat sheep guarantee scheme. The peak price last season under the British guarantee scheme was 155.5p per 100 kilos.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground in fair two-way trading on the London Metal Exchange. Forward metal opened lower at the pre-market at £923, trading up to £926 before selling pressure took the price back to £923 by the opening of the Rings. Further pressure caused a decline to £918, and then £916, which proved to be the day's low point. Forward metal rallied during the afternoon dealings, and finally closed on the late Kerb at £922.5. Turnover 16,050 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	900.5-1.5	-10.5	902-3	-14
3 months	919-.5	-8.25	922-3	-12
Settlem't	901.0	-10.0	—	
Cathodes				
Cash	869.5-70	-9.5	873-4	-10.5
3 months	894.5-5	-8.25	898-9	-10.5
Settlem't	870	-9.5	—	
U.S. Prod	—	......	*100-105	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £901.5, 01. Three months £924, 23, 22, 21, 20, 18, 18, 19, 20, 21, 20, 18. Cathodes, three months £895. Kerb: Wirebars, three months £915, 16, 17. Afternoon: Wirebars, cash £903. Three months £922, 23, 23.5, 23, 22.5. Kerb: Wirebars, Three months £923, 22.5, 22.

TIN—Declined in routine trading. After opening steady at £7,260, forward metal came under some selling pressure and declined, fell to £7,230 by the end of the morning. The price lost further ground during the afternoon dealings, and closed at £7,205 on the late Kerb. Turnover 1,055 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7250-70	+50	7215-25	-50
3 months	7250-60	+25	7250-30	-7.5
Settlem't	7270	+35	—	......
Standard				
Cash	7250-70	+32.5	7015-25	-50
3 months	7200-40	+0	7200-05	-50
Settlem't	7270	+35	—	......
Straits E.	$2170	......	—	......
New York	—	......	—	......

Morning: Standard, three months £7,250. Kerb: Standard, three months £7,230, 25. Afternoon: Standard, three months £7,230, 20, 10, 05. Kerb: Standard, three months £7,200, 05.

LEAD—Little changed on balance in quiet trading. After opening a little stronger at £362.5, forward metal fell to £356. A revival later left the price on the late Kerb at £356.5. Turnover 7,675 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344-5	+4.5	345-6	-5.25
3 months	356-.0	+3.0	557-.5	-4.75
S'ment	345	+4	—	......
U.S. Spot	—	......	*34-6	......

Morning: Three months £363, 62, 61, 60, 58, 57, 56, 57, 56.5. Kerb: Three months £356. Afternoon: Three months £358, 56.5, 59, 58, 57, 57.5, 57. Kerb: Three months £358, 59, 60.

ZINC—Virtually unchanged in steady trading. The low for the day was £323, reached early on, with a high of £332. The close on the late Kerb was £329.75. Turnover 5,775 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	517-.5	+7.25	513-4	+.5
3 months	058.5-0.0	+7.75	525-.8	+.5
S'ment	517.0	+7	—	......
Primw'ts	—	......	*50.0	......

Morning: Three months £331, 30, 31, 30.5, 30, 29. Kerb: Three months £328, 27, 26. Afternoon: Cash £313.5, 13. Three months £328, 27, 26, 25.5. Kerb: Three months £326, 27, 29, 30, 29, 29.5, 30, 29.5.

ALUMINIUM—Slightly lower in very quiet trading. The low for the day of £738 was reached at the midday Kerb, and forward metal closed at the best on the late Kerb at £740.5. Turnover 4,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	752-0	+.5	750-2	-7
3 months	740-2	+1.5	739-40	-7

Morning: Three months £742. Kerb: Three months £740, 39. Afternoon: Three months £740, 41. Kerb: Three months £741, 40, 39.

NICKEL—Lost ground in quiet trading. The day's low point, reached during the second Ring, was £2,505, with the close on the late Kerb somewhat better than this at £2,610. Turnover 198 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2780-90	-7.0	0770-80	-28
3 months	0805-10	-10	2805-10	-7.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,816, 05, 10. Afternoon: Cash £2,775.

SILVER

Silver was fixed 1.5p an ounce lower for spot delivery in the London bullion market yesterday, at £6.67. U.S. cent equivalents of the fixing levels were: Spot $15.675, up 6.5c; three-month $16.058, up 8c; six-month $16.438, up 8.3c; and 12-month $17.259, up 6.4c. The metal opened at £6.68-£6.76 ($15.65-$15.80), and closed at £6.77-£6.83 ($15.85-$16.00).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	667.00p	-1.5	676p	+8.5
3 months	003.30p	-1.2	705.5p	+8.5
6 months	714.70p	-1.3	—	......
12 months	756.00p	-1.3	—	......

LME—Turnover 48 (57) lots of 10,000 ozs. Morning: three months 697.5, 98, 97, 97.5. Kerb: 697.98. Afternoon: three months 705.04. Kerb: three months 704.

GRAINS

LONDON GRAIN FUTURES — Grains opened unchanged; wheat values remained steady in the morning session due to good commercial buying interest widening the wheat/barley spread 15p to 20p at lunch. Values eased on commercial and shipper selling with the main pressure being on nearby options. Barley again saw good volume in September and November. Shipper selling depressed values 20p initially, values held steady at these levels before lunch, but eased further in the afternoon to close 25.30 down on the day, reports Acli.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	95.25	-0.70	90.60	-0.50
Nov.	99.05	-0.25	95.15	-0.25
Jan.	103.00	-0.10	99.00	-0.25
Mar.	106.45	-0.05	102.30	-0.30
May	109.80	-0.10	105.70	-0.30
July	113.40	......	—	......

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 89.00, E. Midlands 87.30, N. East 87.50.

Business done—Wheat: Sept. 95.50-92.25, Nov. 98.25-99.05, Jan. 103.10-103.00, Mar. 106.60-106.45, May 109.90-109.85, Jul. 113.50-113.40. Sales 160 lots of 100 tonnes. Barley Sept 91.15-90.95, Nov. 95.35-95.15, Jan. 99.20-99.05, Mar. 102.60-102.50, May 105.90-105.75. Sales 169 lots of 100 tonnes.

IMPORTED — Wheat, U.S. Dark Northern Spring No. 2 14 per cent Aug. 102.00, Sept. 102.75, Oct. 105.10, Nov. 106.55 transhipment east coast. U.S. Hard Winter 13½ per cent Aug. 100.00, Sept. 101.50, Oct. 102.00, Nov. 102.90, Dec. 104.25 transhipment east coast. English feed fob Oct. 102.00, Oct.-Dec. 103.75 east coast. Maize: French Aug. 122.50 transhipment east coast. S. African Yellow Aug.-Sept. 80.00. Barley: English Feed fob Aug. 92.00, Sept. 93.50, Oct. 96.50-97.00, Oct.-Dec. 98.00-99.00 sellers east coast.

COCOA

Following a firm New York close, London opened 5 higher, but consumers showed no interest as the market tried to steady. Despite a lack of first hand sellers, values slumped in a thin afternoon session until price fixings and jobber covering held prices at new lows, just below Friday's closing levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sep	079-080	-1	992-078
Dec	1020-1021	-1	1033-1018
March	1061-1062	-5	1073-1050
May	1080-1081	-5.5	1096-1080
July	1100-1105	-5.5	1116-1100
Sept.	1120-1125	-6.0	1135-1125
Dec	1140-1150	-10.0	1160-1155

Sales: 1,302 (3,840) lots of 10 tonnes.

COFFEE

Following reports of warmer weather in Brazil, prices on Robustas tumbled once again as long liquidation depressed values during an active opening call, reports Drexel Burnham Lambert. The decline accelerated on stop-loss orders, and at one stage losses of £70 were registered. In the afternoon further weakness reflected a lower New York performance, but commission house selling was well absorbed by trade buying, and values were seen to recover £20 from the lows.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	1122-26	-48.0	1135-097
Sept.	1101-04	-50.0	1168-37
Nov	1201-05	-46.0	1212-183
January	1174-78	-58.6	1190-65
March	1100-05	-69.0	1205-185
May	1206-07	-60.0	1210-195
July	1200-70	-65.0	—

Sales: 4,424 (5,332) lots of 5 tonnes. ICO Indicator prices for August 1 (U.S. cents per pound). Other Mild Arabicas 133.50 (139.50). Robustas ICA 1976 130.75 (134.25). ICA 1968 101.00 (134.50). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 163.25 (165.75).

TEA AUCTION

LONDON TEA AUCTION — 48,212 packages were offered at yesterday's auction. Assams improved enquiry often dearer. Sylhets tended dearer. Bright Africans and selected mediums firm to dearer, plainer mediums irregular and plain Central Africans little change. The fair Quality Ceylons sold well. Mediums shed 3p to 5p. Quotations: Quality 150p per kilo (150p), Medium 100p (99p), Plain 70p (70p).

RUBBER

The London physical market opened easier, with little interest throughout the day, closing idle. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of 283.5 (285.75) cents a kilo and SMR 20 at 257.5 (258.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept.	57.80-58.00	58.30-58.50	58.00
Oct.	58.80-59.10	59.20-59.30	—
Oct-Dec	60.30-60.40	60.30-60.40	60.30-59.70
Jan-Mar	63.90-64.10	64.10-64.20	64.10-63.50
Apr-Jne	67.00-67.20	67.20-67.30	67.00-66.70
Jly-Sept	70.00-70.10	69.0-70.10	70.00-69.60
Oct-Dec	72.60-72.70	72.60-72.80	72.60-72.20
Jan-Mar	75.20-75.30	75.10-75.30	75.20-74.60
Apl-Jne	77.80-78.00	78.00-78.10	78.00-77.40

Sales: 131 (142) at 15 tonnes: 8 (5) at 5 tonnes.

Physical closing prices (buyer) were: Spot 56.25p (56.50p). Sept. 60.50p (60.75p). Oct. 61.00p (61.25p).

SOYABEAN MEAL

The market opened with gains of £1.00-£1.50 on commission house buying, reports T. G. Roddick. Prices failed to penetrate resistance areas and with report of some rains received in growing areas over the weekend, the market eased and closed with losses of £1.50.

	Yest'rday Close £ per tonne	+ or —	Business Done
August	114.00-18.0	-5.75	—
October	117.60-17.8	-0.85	121.00-17.00
December	122.60-23.0	-1.55	120.00-22.00
February	124.40-24.8	-1.75	126.20-24.50
April	125.00-78.0	-2.00	127.00
June	126.00-29.8	-1.75	—
August	127.00-31.0	-1.50	—

Sales: 165 (350) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £302.00 (£281.00) a tonne cif for July-Aug.-Sept. shipments. White sugar daily price was £330.00 (£315.00).

Opening trades were some £3.00 above overnight levels but trade selling soon blunted the advance, and the market settled into a narrow range in quiet trading conditions. The release of the first West German beet tests produced a sharp rally, with gains of £5.00 recorded before hedge selling and profit-taking caused a slight reaction at the close, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	336.50-37.00	318.50-319.2	339.00-18.00
Jan	339.00-43.75	328.05-330.0	—
Mch	348.50-48.75	335.05-335.2	352.00-35.35
May	345.00-45.50	351.00-351.5	347.00-31.00
Aug	352.50-33.00	322.05-326.0	353.00-31.00
Oct	318.25-20.00	312.05-315.9	321.00-14.00
Jan	300.00-10.00	312.05-312.9	—

Sales: 7,016 (3,744) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 309.50, 312.00-300.00, 67. Oct. 338.50, 339.25, 341.00-323.25, 1,012 (1,079).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £399.00 (£384.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 1. Daily price 28.63 (28.80): 15-day average 27.44 (27.09).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 356, 351, nil, nil; Oct. 368, 369, nil, nil; Dec. 368, 371, nil, nil; Jan. 370, 374, 372, 6; March 374, 377, 373-372, 2; May 374, 377, 375-373, 7; Aug. 378, 380, nil, nil; Oct. 378, 383, nil, nil; Dec. 378, 383, nil, nil; Jan. 378, 385, nil, nil. Sales: 14.

POTATOES

LONDON POTATO FUTURES—Prices eased during morning session on February and April, but November was held up by one good buyer. After lunch buyers appeared on forward positions and by the close the market showed little change on the day, reports Coley and Harper. Closing prices: Nov. 40.10 (high 40.00, one price). Feb. 47.10 +10 (high 47.10, low 46.70). April 54.00 −10 (high 54.00, low 53.60). Total traded: 42 (48) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 4 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1700/1750	—	$1660/17
Copper			
Cas w'bar	£902.0	-14	£883
3 mths	£925.5	-15	£905.5
Cash Cathode	£873.5	-10.5	£861
3 mths	£898.5	-10.5	£882.6
Gold troy oz	$620.5	+2	$663.5
Lead Cash	£345.5	-5.25	£337.5
3 mths	£357.25	-4.75	£345.75
Nickel	£3,186.45	—	£3,248.35
Freemkt (cif lb)	$5.85/5.10	—	$80/$10c
Platin'm'tr'y oz	£182.50	......	£168.60
Free mkt	£274.55	+0.85	£296.20
Quicksilver†	$400/415	—	$390/400
Silver troy oz	667.00p	-1.8	735.0p
3 mths	693.30p	-1.2	751.0p
Tin Cash	£7,220	-50	£7,550
5 mths	£7,055	-7.0	£7,250
Tungsten 22.04lb	$145.65	......	$136.82
Wolfrm 22.04lb	$147/150	—	$145/146
Zinc cash	£315.5	+0.5	£306.5
3 months	£325.25	+0.5	£319.25
Producers	$780	......	$780
Oils			
Coconut (Phil)	650	—	$632.50
Groundnut	‡	—	‡
Linseed Crude	419	—	£400
Palm Malayan	560	—	$545
Seeds			
Copra Philip	450	—	$455
Soyabean (U.S.)	254	—	$251
Grains			
Barley Futures	£95.15	-0.25	£95.70
Maize			
French No3AM	—	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	—	......	£95.90
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,075	—	£1,118
Future Dec.	£1,020.5	-1	£1,060.5
CoffeeF t' Nov.	£1162.5	-50	£1,484
Cotton A.Index	05.30c	+0.60	85c
Rubber (kilo)	56.25p	-0.25	50.50p
Sugar (Raw)	£302	+21	£310
Woolt'ps 64s kl.	288p kilo	-2	280p kilo

— not available. a Sept. w Aug. z Indicator. § Buyer. † Per 76-lb flask.

COTTON

LIVERPOOL—The week started with yet another no return so far as spot and shipment sales in Liverpool were concerned. Buyers of cotton held back and avoided commitments, so that few contracts were fixed up. Even interest was at a low level, with African and Middle Eastern supplies being occasionally sought.

*

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.50-£3.90, haddock (large) £4.70, medium £3.60-£4.50, small £2.30-£3.30, plaice (large) £4.60-£5.40, medium £4.00-£5.30, best small £3.00-£4.30, skinned dogfish (large) £6.00-£6.50, medium £4.50-£5.00, lemon soles (large) £7.50, medium £6.50, saithe £1.60-£3.10.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on August 4. GB—Cattle 73.84p per kg lw (−0.85). UK—Sheep 112.84p per kg est dcw (−12.09). GB—Pigs 60.82p per kg lw (−2.75).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.5 to 66.0; Eire hindquarters 69.5 to 73.0, forequarters 38.0 to 41.2. Veal: Dutch hinds and ends 94.0 to 102.0. Lamb: English small 56.2 to 60.8, medium 53.5 to 57.5, heavy 48.6 to 54.8. Imported frozen: NZ PL 60.0 to 61.0, PM 54.5 to 57.0. Pork: English, under 100 lb 39.8 to 48.0, 100-120 lb 38.0 to 46.0, 120-160 lb 36.0 to 44.0.

COVENT GARDEN—Prices in sterling per package unless otherwise stated. Imported Produce: Oranges—Moroccan: 54/113's 5.20-5.40; Californian Sunkist: Valencia Lates 72/113's 6.00-6.40; Outspan: Prosa/Navels 3.00-5.05; Jaffa: 144/168's 1.25-1.50. Lemons—Italian: 100/150's 4.20-4.50; Spanish: Trays 25/45's 2.20-2.40, boxes 4.50-6.00; Outspan: Boxes 6.00-6.20. Grapefruit—Outspan: Marsh Seedless 3.90-5.10. *Tangerines*—Brazilian: Honey 80/125's per box 7.00. Apples—Tasmanian: Democrat 10.50-11.00, Crofton 11.50, Sturmer Pippin 14.44, Granny Smith 12.50; Sth. African: Golden Delicious 14.00, Granny Smith 13.50; Dutch: 22 lbs Golden Delicious 4.20; Span: 22 lbs 5.60-6.00. Pears—Spanish: per lb Limonera 0.23; French: Guyot 28 lbs 3.60; Willa 16.20. Peaches—Italian: 1½-trays 2.60-3.20; Greek: 2.40; French: 2.40-2.60. Nectarines—Italian: 5.00-7.00. Plums—Spanish: Santa Rosa 2.00-3.00, Burbanke 2.20-3.20; Italian: Burbanks 2.30. Apricots—Hungarian: per 10 lbs 3.20. Grapes—per lb Cyprus: Cardinal 0.30, Sultana 0.35, Alphonse Lavelee 0.50. Melons—Israeli: Ogen 3.00-4.00; Yellow 10 kg 3.20-3.60, French Charentais 8.00. Water-Melons—Greek: per 12 kilos 3.00. Bananas—Jamaican: 28 lbs, per lb 0.17. Tomatoes—Guernsey: 1.60, Jersey: 1.40. Onions—Spanish: 6.40-5.80; Texas: 5.70. Cabbages—Dutch: White 3.50-4.00. Courgettes—French: per lb 0.14-0.16. Capsicums—Dutch: 4.20. Green, 6.50 Red. Cherries—American: per lb 0.60.

English Produce: Potatoes—per bag, new 1.00-1.30. Mushrooms—per lb 0.30-0.50. Apples—per lb Bramley 0.14-0.28, Grenadiers 0.18-0.20, Filbaskets 0.20, Howgate 0.22, George Cave 0.20, Miller's Seedling 0.22. Strawberries—English per half-lb 0.15-0.25. Cabbages—per bag 1.60-1.80. Cauliflowers—per 12's English 1.40-2.50. Peas—per lb 0.15. Broad Beans—per lb 0.10. Beetroots—per bag 1.20. Cucumbers—Trays 10/20's 2.00. Tomatoes—per 12 lbs 1.00-1.20. Lettuce—per lb round 1.50, Cos 1.80, Webbs 1.80. Carrots—New crop 28 lbs 1.00-2.00. Onions—per bag 0.50-4.20. Celery—English 12/30's 2.60-2.80. Cherries—per lb 0.30-0.35. Marrows—Each 0.10-0.12. Capsicums—per lb 0.25-0.30. Runner Beans—per lb 0.20-0.40. Swedes—per 28 lbs Devon 1.40-1.60. Courgettes—0.14-0.18.

AMERICAN MARKETS

NEW YORK, August 4.

CONTINUED LIGHT cattle and hog marketing sharply rallied the entire livestock complex. Precipitation over the weekend put severe pressure on the grain, soyabeans and cotton. Unfavourable yield reports from W. German beet fields helped rally the sugar market. Copper advanced on short-covering by the trade, precious metals finishing with a good rally, on the unsettled Palestinian situation and threat of a breakdown of Israeli peace talks. Cocoa sold off on further selling by Brazil and West Africa. Heavy producer buying on the close reversed early losses into major gains, reported Heinold.

Copper—Aug. 95.10 (93.70), Sept. 95.70 (94.60), Oct. 96.15, Dec. 97.10, Jan. 97.70, March 98.80, May 98.85, July 100.90, Sept. 101.95, Dec. 103.35, Jan. 103.80, March 104.70, May 105.60.

Potatoes (round whites)—Nov. 89.5 (85.5), March 115.0 (130.0), April 143.0.

Sugar—No. 11: Sept. 33.42 (31.64), Oct. 33.62 (32.12), Jan. 34.09, March 34.86, May 34.07, July 32.98, Sept. 31.95, Oct. 31.40.

Tin—775.00-783.00 asked (769.00-778.00).

CHICAGO, August 4.

Lard—Chicago loose 22.50 (same). New York prime steam 23.00.

Live Cattle—Aug. 73.22 (72.27), Oct. 70.45 (69.70), Dec. 70.47, Jan. 71.30, Feb. 71.60, April 72.70, June 73.60.

Chicago Imm Gold—Aug. 629.0 (61.55), Sept. 633.0 (620.5), Oct. 639.0, Dec. 650.5, Jan. 657.0, March 670.0, April 676.5, June 689.5.

Live Hogs—Aug. 46.55 (45.70), Oct. 44.05 (43.45), Dec. 47.45, Feb. 50.42, April 46.17, June 51.50, July 52.30, Aug. 51.50, Oct. 51.50.

‡‡Maize—Sept. 333-334 (339¾), Dec. 339-338½ (346½), March 343½-344, May 347-347½, July 347-348, Sept. 339.

Pork Bellies—Aug. 45.35 (43.35), Feb. 62.57 (60.57), March 62.87, May 63.22, July 63.25, Aug. 62.57.

Silver—Aug. 1585.0 (1560.0), Sept. 1597.0 (1573.0), Oct. 1612.5, Dec. 1645.5, Feb. 1677.5, April 1709.5, June —, Aug. —, Oct. —, Dec. 1837.5.

‡Soyabeans—Aug. 764½ (794¾), Sept. 774½ (804½), Nov. 791½-791½, Jan. 800½, March 811½, May 812, July 808, Aug. 801-801.

§Soyabean Meal—Aug. 209.0 (217.51, Sept. 211.5-212.0 (221.2), Oct. 214.5, Dec. 215.5-215.5, Jan. 221.0-221.5, March 223.0, May 223.5-224.0, July 224.0, Aug. 223.0-223.5, Sept. 222.0-222.5.

Soyabean Oil—26.73 (27.77), Sept. 26.93-26.93 (27.83), Oct. 27.13-27.13, Dec. 27.45, Jan. 27.35-27.45, March 27.45, May 27.40, July 27.40-27.45, Aug. 27.35-27.40, Sept. 27.30-27.40.

†Wheat—Sept. 456-457 (463¾), Dec. 476-479 (482½), March 490-490½, May 493, July 489½-489¾, Sept. 495.

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 4.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, half-July/half-Aug. $208.50, Aug. $211.50, Sept. $214.25, Oct. $215, Nov. $215. U.S. No. 2 Red Winter, Aug. $200, Sept. $202, Oct. $204. U.S. No. 2 Northern Spring, 14 per cent, Aug. $214.50, Sept. $217, Oct. $222, Nov. $224.50.

Maize—U.S. No. 3 Corn Yellow afloat $165, Aug.-Sept. $164.50, Oct.-Dec. $168.50, Jan.-March $173.

Soyabeans—U.S. Two Yellow Gulfports Aug. $326, Sept. $328.50, Oct. $334, Nov. $334.75, Dec. $337, Jan. $342, Feb. $346, March-April-May $347.50 sellers. Argentine Aug. $304-305 traded.

Soyameal—44 per cent protein U.S., afloat $252.50, July $262, Aug. $263.50, Sept. $269, Oct. $276, Nov.-March $284. Brazil Pellets afloat $270, Aug. $278, Sept. $286, Oct. $289, Nov.-March 295.

PARIS, August 4.

Cocoa (FFr per 100 kgs)—Sept. 925-940, Dec. 965-970, March 1000-1020, May 1025, July 1040, Sept. 1055. Sales at call 1.

Sugar (FFr per 100 kgs)—Oct. 3216-3218, Nov. unquoted, Dec. 3265-3270, March 3375-3390, May 3340, July 3320, Aug. 3300, Oct. 3280. Sales at call 16.

INDICES

FINANCIAL TIMES

Aug. 1	July 31	M'nth ago	Year ago
274.90	275.57	272.47	279.70

(Base: July 1, 1952=100)

MOODY'S

Aug. 1	July 31	M'nth ago	Year ago
1217.4	1222.0	1186.3	1056.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 1	July 31	Month ago	Year ago
Spot	441.37	436.95	425.12	396.78
F'tur's	449.29	447.03	448.74	405.94

(Average 1924-25-26=100)

REUTERS

Aug. 4	Aug. 1	M'nth ago	Year ago
1717.5	1710.1	1686.2	1543.0

(Base: September 18, 1931=100)

Stock indigestion and MLR worries leave Gilts lower

Gloomy economic predictions discourage equity buyers

Account Dealing Dates

Options

*First Dealings	Declarations	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

Goveroment securities slithered again yesterday in London stock markets as loose holders of the partly-paid and other current trading stocks continued to reduce their commitments because of insufficient funds to pay the heavy calls due in coming weeks on the former. Although credit in money markets yesterday was less tight than throughout last week, the offerings found domestic institutional and overseas buyers extremely reluctant. In an unwilling market, selected issues fell sharply again to close with fresh losses to a point.

Also affecting Gilt market sentiment was the growing conviction that a further cut in Minimum Lending Rate may be several weeks off owing to a larger-than-expected rise in money supply through the ending of corset controls—the latest figures are due to be announced at 2.30 pm today. Trading conditions were sensitive throughout the session and a late rally tended to fade, leaving Treasury 13 per cent 2000 down ¾ at 33 and the £20-paid medium tap stock, Treasury 11¾ per cent 1991 "A," ½ lower at 18⅛, or a discount of 1⅞. Shorter-dated issues suffered similarly and settled with losses extending to ⅜.

Equities began the second and final leg of the trading Account in the same listless fashion as they finished the first. Further gloomy economic predictions, and particularly falling industrial demand, discouraged would-be investors and light selling lowered prices from the outset. Most of the reaction occurred before noon, at which time the FT 30-share was showing a fall of 5.6, but a modest technical recovery developed in a limited afternoon trade which reduced losses by a penny or so to leave the Index down 4.5 on balance at 483.4.

Details of Rhodesian debt settlement brought heavy falls in matured Southern Rhodesian bonds and smaller losses among the few current stocks. Business was often one-way and the 3½ per cent 1967-69 issue closed at £95 against the suspension price of £165, while 2½ per cent 1965-1970 ended also at £95 compared with £153. The 6 per cent 1978-81 was called £145 against £167.

Traded options attracted a total of 636 deals, well above Friday's 391 but still far short of levels recorded recently. Lonrho remained active with 163 contracts arranged, while 111 trades were struck in Imperial.

Discount Houses down

Discount Houses drifted lower in sympathy with dull gilts. Alexanders, 13 off at 265p, led the retreat, while Smith St. Aubyn relinquished 8 to 146p. Falls of around 6 were seen in Allen Harvey and Ross, 415p, Gerrard and National, 282p, and Gillett Bros., 207p. The major clearing banks remained friendless. Lloyds gave up 4 to 298p and NatWest softened a few pence to 352p. Merchant banks came on offer with Schroders notable for a reaction of 8 to 310p. Keyser Ullmann dipped 3 to 87p.

London United continued firmly at 153p, up 4, but other Insurances drifted lower for want of support. GRE lost 4 to 318p, after 314p, and Equity and Law declined a similar amount to 288p.

The Monopolies Commission's decision to veto Hiram Walker's 130p cash per share offer for Highland Distilleries prompted a sharp reaction in the latter which closed 18 down at 120p. Marked weakness was noted among other Wines and Spirits with Invergordon and Tomatin both down around 7 at 203p and 153p respectively, while Arthur Bell shed 4 at 190p, but Distillers remained relatively firm and gained the turn to 218p. Leading Breweries hovered around Friday's closing levels in a subdued trade, although recently firm Greenall Whitley gave up 3 to 211p.

In a dull Building sector, Blue Circle shed 10 to 368p while Ready Mixed Concrete lost 4 to 196p and Tunnel "B" 6 to 236p. On profit-taking Taylor Woodrow, at 476p, gave up 12 of last week's gain of 35 in front of today's interim results, while Higgs and Hill shed 4 to 86p awaiting news of BICC's "unwelcome" bid approach. Newarthill, still reflecting the company's stake in County and District, rose 7 further to 315p in a thin market, but Costain, which has made an agreed 190p per share cash bid for C and D, shed 4 to 184p. Elsewhere, Ruberoid added a couple of pence to a 1980 peak of 66p on further small buying.

Lack of interest and occasional selling left ICI 6 off at 366p and Fisons 3 cheaper at 227p. Among other Chemicals, Anchor, a rising market of late on small buying, eased 2 to 82p, but Allied Colloids hardened a penny to 107p. Ellis and Everard, up 8 at 136p, reflected the useful increase in annual profits. Dealings in Burrel were suspended at 6½p at the company's request; the Board has requested the appointment of a receiver.

Stores opened the second leg of the Account in exceptionally quiet mood, although the odd useful movement was noted. R. and J. Pullman, 44p, rose 6 in response to favourable Press comment, while speculative attention was directed towards W. L. Pawson, 7 better at 43p. Support, however, was lacking for J. Hepworth, 4 cheaper at 76p, and for W. H. Smith, 5 down at 144p, while Polly Peck encountered increased profit-taking and fell 6 to 97p. Among the leaders, GUS "A" dipped 6 to 434p, while an adverse Press mention clipped 3 from Raybeck, 60p.

Adverse comment unsettled Thorn EMI which touched 330p before closing a net 6 easier at 336p. Other Electrical leaders trended quietly dull with GEC also finishing with a fall of 6 at 474p, after 470p, while Racal Electronics cheapened 5 to 273p. Elsewhere, Henry Wigfall declined 15 to 148p on persistent small selling and lack of support, while MK dipped 4 to 206p and Farnell lost 6 to 347p. Wholesale Fittings, on the other hand, rose 15 to 740p on buying ahead of Friday's preliminary figures and Cray Electronics edged forward 2 to 40p on further consideration of the annual results. News of the company's link-up with GEC in the development of its electronic car wiring system left Ward and Goldstone a couple of pence firmer at 67p. Derritron were supported in ex-rights form, closing 3 better at 28p, while the new nil-paid shares finished at 15p premium after having opened at 11p premium. Firm of late on talk of a bid from Tyco Laboratories Inc. of the U.S., Muirhead improved initially to 142p following week-end Press comment but closed unchanged on the day at 138p.

Ahead of tomorrow's interim results, Tubes touched 254p but steadied to close unaltered at 258p. GKN, with half-yearly figures expected next month, lost 7 to 246p, while Vickers dipped 3 to 127p and Hawker 2 to 224p. Secondary Engineerings were featured by Vosper which jumped 20 to 190p on compensation hopes. Glynwed hardened 2 to 93p ahead of tomorrow's first-half statement, while improvements of 1½ and 3 respectively were recorded in Habit Precision, 13½p, and F. Pratt, 56p. Tex Abrasives gave up 3 to 40p and Wolseley Hughes declined a like amount to 227p.

In lack-lustre Foods, Cadbury Schweppes fell 1½ to 58½p and George Bassett 3 to 47p, the latter following the annual report. Robertson also lost 3, to a 1980 low of 106p, while Argyll Foods, formerly Louis C. Edwards, gave up 4 to 59p. Nichols (Vimto) firmed 5 to 220p in a thin market following a favourable Press mention.

The Miscellaneous industrial leaders made a dull start to the week with sentiment soured by the weakness of gilts. Metal Box ended 8 off at 284p and Unilever declined 4 to 490p as did Beecham, to 143p. Turner and Newall relinquished 3 to 119p and Boots 2 to 214p. Elsewhere, Rockware fell 9 for a two-day decline of 15 to 96p on further consideration of the group's plans to severely reduce jobs at its glass factories due to falling demand. Hoover A cheapened 4 to 168p ahead of tomorrow's interim results, while English China Clays softened 8 to 104p. Bestobell came on offer at 280p, down 10, while AAH gave up 5 to 165p following the results. Stocklake at 64p, recorded a Press-inspired improvement of 6, while Johnson Matthey added 8 to 395p for a similar reason. Jacksons Bourne End hardened 3 to 111p in response to the increased dividend and higher profits. Still drawing strength from recent trading news, Aeronautical and General jumped 25 to 385p, while speculative demand in a thin market left Huntleigh 10 better at 124p. Royal Worcester rose 5 afresh to 320p.

Westward Television put on 3½ to 22½p awaiting further developments in the boardroom dispute: the next shareholders' meeting is scheduled for October 17. Elsewhere in the Leisure sector, Horizon Travel added 4 to 250p; the interim results are due next Tuesday. Campari, a volatile market since the death of the chairman, hardened a couple of pence to 63p following favourable Press comment.

An excited sector on Friday on recovery prospects, Motor Distributors again trended upwards although business was much reduced. Tate of Leeds, 77p, and Heron, 31p both added 3, as did Adams and Gibbon, 70p; the last-mentioned is due to announce interim results on Thursday. Caffyns touched 163p on news that British Car Auction has increased its stake in the company to 8.75 per cent but reacted to close unchanged at 158p. Elsewhere, Dowty met profit-taking and declined 9 at 230p, but Lucas added a couple of pence more to 222p.

Dealings in News International Special Dividend shares were opened at 100p and drifted to end at 95p. Other Publishing counters were barely-tested, but Associated eased 5 to 261p.

Lack of investment enthusiasm led to modest falls among the Property leaders. Elsewhere, Beaumont improved 3 to 143, while Imry hardened 5 to 730p and Estates and Agency added 4 to 100p. Regional A shed a penny to 131p despite a favourable Press mention.

Oil leaders dull

Oils remained friendless with British Petroleum shedding 6 to 342p and Shell 4 to 400p. Burmah lost 6 to 191p and Tricentrol 8 to 322p, while Lasmo finished 8 lower on balance at 670p, after 665p. Marinex, a poor performer since its market debut last week, touched 140p before relapsing to last Friday's close of 135p. Elsewhere, Strata Oil gave up 8 to 102p: the results of tests at Woodada number 2 well have been delayed.

Contrasting movements in Overseas Traders were provided by Paterson Zochonis, up 7 at 305p following renewed speculative support, and Lonrho, down 6 to 102p with the new nil-paid 4 off at 18p premium.

Mines mark time

Mining markets opened the week in the same subdued conditions as prevailed towards the end of last week. Gold moved narrowly, finally closing $8 better at $629.50 per ounce and the Gold Mines index dipped 1.4 to 374.4.

South African Golds were mixed in line with the uncertain course of bullion, and most price changes were small. The exceptions were Venterspost, which lost 17 to 671p, and Stilfontein, which gained 13 to 913p.

Among the other lower-priced issues, Harmony lost 9 to 979p, and Doornfontein and Deelkraal gave up 7 apiece to 809p and 264p respectively. Elandsrand rose 6 to a high for the year of 511p.

Of the heavyweights, West Driefontein gave up ½ to £37, Kloof and Buffelsfontein lost ¼ each to £13⅝ and £18¼ respectively, while East Driefontein moved up by a similar amount to £10⅞.

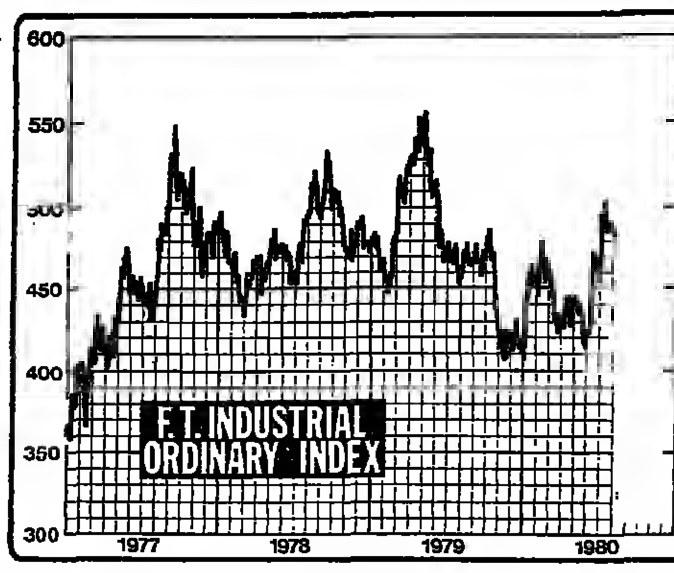
The picture was similar among South African Financials, where Anglo American at 675p, "Amgold" at £40, Gencor at 850p, "Johnnies" at £26½ and De Beers at 420p were all unchanged. Gold Fields of South Africa hardened ½ to £33½.

London Financials were also a dull market, drifting off a little at midday and rallying towards the close. Consolidated Gold Fields gained 5 to 507p, Rio Tinto-Zinc put on 4 to 469p, and Charter Consolidated were finally 2 better at 212p.

In Coppers, Messina gained a further 8 to 220p after Asarco's declaration of *force majeure* on copper deliveries.

Australians were again very quiet in contrast to recent weeks. Western Mining put on 2 to 269p on further consideration of the encouraging quarterly report.

Tins were mostly unchanged, with the exception of Malayan Tin Dredging, which moved to a 1980 high of 910p after a gain of 10 on the day in advance of the merger in Malaysia.



FINANCIAL TIMES STOCK INDICES

	Aug. 4	Aug. 1	July 31	July 30	July 29	July 28	A year ago
Government Secs.	70.24	70.72	70.76	71.43	71.81	72.26	72.70
Fixed Interest	72.00	72.51	72.81	73.56	75.87	73.63	73.64
Industrial	483.4	487.0	490.5	488.7	489.7	485.9	456.5
Gold Mines	574.4	376.8	369.8	376.7	383.8	378.1	148.9
Ord. Div. Yield	7.52	7.44	7.41	7.42	7.41	7.49	7.01
Earnings, Yld. % (full)	18.02	17.82	17.76	17.78	17.76	17.94	17.77
P/E Ratio (net) (*)	6.60	6.76	6.79	6.78	6.70	6.72	7.06
Total Bargains	17,219	18,814	18,916	19,556	20,026	20,719	—
Equity turnover £m.	—	89.33	101.50	112.56	102.86	95.17	43.53
Equity bargains total	—	12,002	13,842	15,559	14,907	15,052	8,850

10 am 486.7. 11 am 483.7. Noon 482.3. 1 pm 482.6. 2 pm 482.5. 3 pm 482.8.

Latest Index 01-246 8026.

* Nil=6.23.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.64 (21/7)	63.25 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (28/7)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 4	Aug. 1
—Daily		
Gilt Edged	111.8	117.4
Industrials	89.1	100.7
Speculative	32.2	29.5
Totals	51.8	68.8
5-day Avrge.		
Gilt Edged	120.6	122.1
Industrials	98.9	103.2
Speculative	33.5	34.2
Totals	70.8	74.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (33)

AMERICANS (3)
Fluor Corp. — Norton Simon — I.U. International

BUILDINGS (4)
Lilley (F. J. C.) — Ruberoid — Newarthill — Tarmac

ELECTRICALS (1)
Wholesale Fittings

ENGINEERING (1)
Spirax-Sarco

INDUSTRIALS (11)
Aero & General — Pritchard Services — Applied Computer — Russell (A.) — Bibby (J.) — Security Services — Huntleigh — Do. A — Macarthys Pharm. — Wilkes (J.) — Portals

PAPER (1)
Cropper (James)

PROPERTY (2)
Beaumont Props. — Imry Prop.

TRUSTS (2)
Equity Inc. — Keep Inv.

OIL & GAS (2)
Double Eagle — Warrior Res.

OVERSEAS TRADERS (2)
Paterson Zochonis — Pat'son Zoch. A N-V

MINES (4)
Elandsrand — Swan Resources — Falcon — Malay Dredging

NEW LOWS (24)

BRITISH FUNDS (3)
Exchqr. 3pc '83 A — Treas. 11¾pc 1991 A (£20 paid) — Treas. 12pc 1987 (£20 paid)

COM'WEALTH & AFRICAN LOANS (1)
Sth. Rhodesian 2½pc '65-70

BEERS (3)
Invergordon — Tomatin — Macallan-Glenlivet

CHEMICALS (1)
Fisons

STORES (1)
Selincourt

ELECTRICALS (2)
Jones Stroud — Wigfall (H.)

ENGINEERING (3)
Edbro — Wolseley Hughes — Triplex Foundries

FOODS (1)
Robertson Foods

INDUSTRIALS (4)
Armour Trust — Elson & Robbins — Bodycote Int. — Marshall's Universal

MOTORS (1)
Woodhead (J.)

SHOES (1)
Garnar Scotblair

TEXTILES (2)
Pickles (W.) — Pickles (W.) A N-V

MINES (1)
Hemerdon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	91	2
Corpns., Dom. and Foreign Bonds	—	29	37
Industrials	140	327	928
Financial and Prop.	22	190	284
Oils	8	33	15
Plantations	1	8	16
Mines	24	52	83
Others	26	72	72
Totals	222	802	1,437

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
ICI	£1	10	366	−6	402	348
GEC	25p	7	474	−6	494	326
Lonrho 'New'	Nil/pd.	7	18pm	−4	30½pm	15½pm
Thorn EMI	25p	7	336	−6	348	260
Johnson Matthey	£1	6	395	+8	398	205
LASMO	25p	6	670	−8	830	337
Shell Transport	25p	6	400	−4	432	314
Burmah Oil	£1	5	191	−6	249	162
GKN	£1	5	246	−7	279	228
Premier Cons.	5p	5	76	−1	99	36
Unilever	25p	5	490	−4	512	388
BAT Industries	25p	4	273	−2	290	223
BTR	25p	4	350	—	380	208
Barclays Bank	£1	4	388	−2	430	327
Beecham	25p	4	143	−4	160	108

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15

For rate indications see end of Share Information Service

Call options were dealt in Premier Oil, MFI, Lonrho, William Press, Rugby Portland Cement, Burmah, KCA, Coral Leisure, BP, FNFC, Tricentrol, Raglan Properties, BSG, Bath and Portland, Lasmo, Elandsrand, Caffyns, Berkeley Exploration and Ultramar. Puts were arranged in Trusthouse Forte, Grand Metropolitan, Marks and Spencer, Boots and British Home Stores, while doubles were arranged in Lonrho and Plessey.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Mon., Aug. 4, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Aug. 1 Index No.	Thur., July 31 Index No.	Wed., July 30 Index No.	Tues., July 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	279.56	−0.9	16.55	5.88	7.31	282.04	282.19	282.42	280.92	236.33
2	Building Materials (28)	261.66	−1.2	17.63	6.41	6.67	264.83	266.33	264.80	264.51	219.68
3	Contracting, Construction (27)	420.83	−0.6	21.85	5.77	5.46	423.46	421.39	422.50	417.70	349.63
4	Electricals (16)	799.51	−0.8	12.30	3.30	10.08	806.27	803.70	810.83	803.55	584.32
5	Engineering Contractors (11)	336.90	+0.1	20.16	7.73	6.22	336.67	336.50	335.10	332.76	361.48
6	Mechanical Engineering (74)	181.25	−0.8	17.50	7.33	6.95	182.77	183.10	182.09	181.68	172.79
8	Metals and Metal Forming (16)	169.49	−1.0	21.39	10.01	5.58	171.20	172.16	172.22	171.85	157.54
11	CONSUMER GOODS (DURABLE) (49)	234.14	−1.1	14.18	5.58	8.48	236.82	237.88	237.37	233.70	224.06
12	Lt. Electronics, Radio, TV (14)	348.59	−1.4	11.01	4.05	11.14	353.54	356.14	356.09	349.64	312.75
13	Household Goods (14)	98.23	−0.8	24.67	10.74	5.12	99.04	100.06	100.21	99.41	147.48
14	Motors and Distributors (21)	105.02	−0.3	22.09	9.41	5.22	105.38	104.77	103.77	102.90	110.19
21	CONSUMER GOODS (NON DURABLES) (172)	233.57	−1.0	17.66	6.91	6.84	235.92	236.58	235.88	234.87	233.70
22	Breweries (14)	283.06	−0.4	16.02	6.51	7.28	284.06	284.95	286.31	285.07	278.59
23	Wines and Spirits (5)	317.57	−1.0	19.10	6.41	6.16	320.72	320.95	321.35	319.87	328.35
24	Entertainment, Catering (17)	332.00	−0.5	17.39	6.74	7.13	333.68	334.71	333.93	335.05	303.62
25	Food Manufacturers (21)	212.74	−0.5	19.11	7.05	6.15	213.84	214.25	213.33	212.77	200.36
26	Food Retailing (13)	352.58	−0.1	11.97	4.51	9.97	352.82	352.01	352.96	349.09	306.40
32	Newspapers, Publishing (13)	435.06	−0.9	21.61	7.37	6.10	439.17	442.53	441.71	439.56	398.27
33	Packaging and Paper (15)	132.57	−0.5	26.95	9.87	4.31	133.22	134.04	132.06	133.83	123.37
34	Stores (45)	229.71	−1.1	13.72	5.47	9.50	232.21	233.21	231.50	228.87	240.34
35	Textiles (21)	124.66	−0.7	26.37	12.67	4.61	125.57	125.62	125.08	125.79	150.49
36	Tobaccos (3)	222.89	−0.4	25.75	10.44	4.42	223.88	224.36	225.35	225.85	239.13
37	Toys and Games (5)	26.67	—	8.43	14.29	27.43	26.67	26.53	27.06	26.53	72.56
41	OTHER GROUPS (99)	225.02	−0.8	16.38	6.89	7.26	226.83	227.46	227.49	226.89	194.53
42	Chemicals (16)	312.63	−1.1	19.85	7.71	5.78	316.11	316.09	317.29	316.05	278.28
43	Pharmaceutical Products (7)	223.65	−1.7	11.31	6.19	10.93	227.60	227.66	227.46	228.75	213.01
44	Office Equipment (6)	108.01	+0.9	18.75	7.68	6.22	107.03	106.97	106.20	104.65	117.57
45	Shipping (10)	588.69	−0.8	13.04	6.00	9.35	593.16	594.76	596.55	597.70	438.87
46	Miscellaneous (60)	284.99	−0.3	15.80	6.49	7.76	285.90	287.99	287.32	286.02	231.70
49	INDUSTRIAL GROUP (492)	250.63	−0.9	16.82	6.53	7.16	252.97	253.56	253.26	252.00	231.14
51	Oils (8)	771.27	−1.4	29.82	6.66	3.70	782.10	785.32	789.94	791.75	652.55
59	500 SHARE INDEX	292.01	−1.0	19.41	6.55	6.04	295.01	295.80	295.87	294.83	265.10
61	FINANCIAL GROUP (118)	228.66	−0.6	—	5.58	—	230.11	230.75	231.92	231.18	185.64
62	Banks (6)	223.93	−0.7	45.20	7.51	2.63	225.60	225.26	225.72	225.40	219.63
63	Discount Houses (10)	291.60	−1.9	—	6.08	—	297.11	298.25	300.06	302.31	252.95
64	Hire Purchase (5)	243.98	−1.1	12.70	4.10	10.26	246.65	244.97	249.32	249.22	161.17
65	Insurance (Life) (10)	227.75	−0.7	—	5.59	—	229.29	229.49	230.84	231.11	148.29
66	Insurance (Composite) (9)	153.78	−0.5	—	7.00	—	154.61	155.76	157.62	156.92	122.82
67	Insurance Brokers (9)	333.69	−1.2	13.92	6.91	9.86	337.62	338.84	340.25	336.67	251.53
68	Merchant Banks (12)	139.54	−1.1	—	5.09	—	141.15	141.22	141.37	141.69	95.25
69	Property (45)	440.33	−0.3	3.24	2.67	42.87	441.71	444.61	445.62	442.08	351.09
70	Miscellaneous (12)	140.34	−0.7	14.74	6.25	8.62	141.27	140.53	140.84	141.59	115.12
71	Investment Trusts (109)	257.14	−0.5	—	5.55	—	258.54	259.70	259.25	258.65	202.25
81	Mining Finance (4)	239.55	+0.8	11.27	4.12	10.70	237.71	236.96	237.47	241.47	116.45
91	Overseas Traders (19)	417.65	−0.1	12.04	7.09	10.02	417.99	416.71	414.60	411.49	328.15
99	ALL-SHARE INDEX (750)	279.23	−0.8	—	6.25	—	281.59	282.29	282.56	281.76	241.98

FIXED INTEREST PRICE INDICES

	British Government	Mon., Aug. 4	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.47	−0.44	—	6.05
2	5-15 years	111.83	−0.70	—	8.31
3	Over 15 years	118.91	−0.70	0.13	7.91
4	Irredeemables	131.28	−1.10	—	7.24
5	All stocks	111.84	−0.63	0.05	7.26

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Mon., Aug. 4	Fri., Aug. 1	Year ago (approx.)
1	Low Coupons	5 years	11.83	11.69	10.29
2		15 years	11.74	11.63	10.72
3		25 years	11.74	11.63	11.15
4	Medium Coupons	5 years	13.25	13.13	12.28
5		15 years	13.09	12.96	12.26
6		25 years	12.95	12.83	12.24
7	High Coupons	5 years	13.52	13.29	12.50
8		15 years	13.42	13.31	12.61
9		25 years	13.19	13.09	12.58
10	Irredeemables		11.26	11.14	10.72

		Mon., August 4 Index No.	Yield %	Friday Aug. 1	Thurs. July 31	Wed. July 30	Tues. July 29	Mon. July 28	Fri. July 25	Thur. July 24	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	56.54	†15.56	55.58	55.65	55.65	55.52	55.58	55.46	55.45	58.41
16	Investment Trust Prefs. (15)	50.94	15.98	50.84	60.94	50.94	50.84	60.94	50.84	30.94	60.69
17	Coml. and Indl. Prefs. (20)	68.58	15.09	68.56	68.55	68.61	68.66	68.55	68.50	68.10	71.44

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+or−
[illegible]	F.P.	[illegible]	100	80	Energy Capital 12½p	92	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	††Hall Bros.	[illegible]	[illegible]
55	F.P.	[illegible]	90	74	Home Farm Products 10p	76	[illegible]
150	F.P.	[illegible]	[illegible]	[illegible]	††Marinex 10p	135	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Oceonics	[illegible]	[illegible]
51	F.P.	[illegible]	[illegible]	[illegible]	††Rotork & Nolan 10p	[illegible]	[illegible]
80	F.P.	[illegible]	[illegible]	[illegible]	††S.P.O. Minerals 10p	[illegible]	[illegible]
67	F.P.	[illegible]	[illegible]	[illegible]	Utd. Electronic 20p	77	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+or−
[illegible]	F.P.	25/7	[illegible]	[illegible]	British Home Stores 9% Cnv. Ln. '92	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Guiel 8½% Conv. Bds. due 1995	[illegible]	[illegible]
[illegible]	£20	[illegible]	[illegible]	[illegible]	Denmark 15% 2005	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	††Hilton & Midlands 8½pc Deb. '99-'04	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	102	101	Outwich 10% Cnv. Prf.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	South Staff. Water 9% Rd. Pf. '85	[illegible]	[illegible]
[illegible]	F.P.	28/8	104	[illegible]	Sunderl'd & Shields Wtr 9% Rd. Prf. 1986	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+or−
66	F.P.	[illegible]	96	88	Anderson Strathclyde	96	[illegible]
103	F.P.	[illegible]	127	117	Astbury & Madeley	[illegible]	[illegible]
159	F.P.	[illegible]	[illegible]	[illegible]	Berisford (S. & W.)	[illegible]	[illegible]
18	Nil	[illegible]	[illegible]	[illegible]	Brengreen	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Carless Capel	[illegible]	[illegible]
55	F.P.	[illegible]	[illegible]	[illegible]	Charterhall	[illegible]	[illegible]
54	F.P.	[illegible]	[illegible]	[illegible]	Clive Discount	[illegible]	[illegible]
92	Nil	[illegible]	[illegible]	[illegible]	Coalite	[illegible]	[illegible]
60	Nil	[illegible]	[illegible]	[illegible]	Crest Nicholson	[illegible]	[illegible]
13	Nil	[illegible]	[illegible]	[illegible]	Derritron	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Ferranti	[illegible]	[illegible]
76	F.P.	[illegible]	[illegible]	[illegible]	Hazelwood Foods	[illegible]	[illegible]
263	F.P.	[illegible]	[illegible]	[illegible]	Land Securities	[illegible]	[illegible]
196	F.P.	[illegible]	[illegible]	[illegible]	Lloyds & Scottish	[illegible]	[illegible]
80	Nil	[illegible]	[illegible]	[illegible]	McKay Secs.	[illegible]	[illegible]
120	Nil	[illegible]	[illegible]	[illegible]	Mellinson-Denny	[illegible]	[illegible]
52	F.P.	[illegible]	[illegible]	[illegible]	Polly Peck	[illegible]	[illegible]
76	Nil	[illegible]	[illegible]	[illegible]	Sturla	[illegible]	[illegible]
10	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12½	F.P.	[illegible]	[illegible]	[illegible]	Thurgar Bardex	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. [illegible] † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd. [illegible]

Henderson Baring Group [illegible]

Hill-Samuel & Co. (Guernsey) Ltd. [illegible]

Hill Samuel Invest. Mgmt. Intnl. [illegible]

N.V. Interbeheer [illegible]

International Pacific Inv. Mgmt. Ltd. [illegible]

Jardine Fleming & Co. Ltd. [illegible]

Leopold Joseph & Sons (Guernsey) [illegible]

Kemp-Gee Management Jersey Ltd. [illegible]

Keyser Ullmann Ltd. [illegible]

King & Shaxson Mgrs. [illegible]

Kleinwort Benson Limited [illegible]

Lazard Brothers & Co. (Jersey) Ltd. [illegible]

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds Bank International, Geneva [illegible]

M & G Group [illegible]

Management International Ltd. [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

Hope St. Fd. July 31	US$38.67xd	−1.40	—
Murray Fund July 31	US$17.61xd	−0.13	—
Pacific Fd. June 30	US$4.21	—	—

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

N.E.L. International Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capital Life Ass. (C.I.) [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

RBC Investment Managers Limited [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda) [illegible]

Save & Prosper International [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund [illegible]

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646

Standard Chartered Intl. Bd. Fd. [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gilt Fund Managers (C.I.) Ltd. [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Utiliffe Assurance (Overseas) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

Van Cutsem & Associates Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

NOTES [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd.(a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd. (a)(c)(z)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.(a)(g)

Canada Life Unit Trust. Mgrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Carr, Sebag Unit Trust Managers(a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Chesterton Fund Managers(a)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.(a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Trs Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

Guardian Royal Exchange

G. & A. Trust (a) (g)

Gartmore Fund Managers (a) (g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mgrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

MansLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

Scotbits Securities Ltd.

For Schlesinger Trust see Britannia/Schlesinger

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.(a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Tyndall Managers Ltd.(a)(b)(c)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Co. Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

London Life Linked Assur. Ltd.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Management Ltd.

Britannia/Schlesinger

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

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First Viking Commodity Trusts

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Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Continued on previous page

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Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Int.	Yield Red.
91	82¼	Aust. 5½pc '81-82	89¾	–¼	6.24	13.78
85¼	72½	Do. 6pc 1981-83	84	–¼	7.22	12.33
67	58	N.Z. 7¼pc 1988-92	65½	–¼	11.16	13.14
81½	72	Do. 7½pc '83-86	80	–½	9.49	12.63
96¼	88	Sth. Africa 9½pc '79-81	95¼	–¼	10.17	15.31
160	95	S. Rhod. 2½pc Non-Ass.	95		—	31.19
169	133	Do. 6pc '78-81 N.-As.	145		—	27.96

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

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BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

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Finance

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Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	21	......	—	—	—
112	52½	Bond Corp.	112	......	hQ2.8c	2.2	1.3
156	88	Bougainville I Kina	118	......	hQ26.2c	1.8	12.4
265	195	BH South 50c	200	......	♦—	—	—

Tins

Copper

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	......	—	—	—
97	52	Barymin	57	−3	—	—	—
17	12	Burma Mines 10p	14	......	0.62	1.1	6.4
148	53	Colby Res. Corp.	148	......	—	—	—
502	290	Cons. Murch. 10c.	310	......	MQ100c	1.8	18.5
180	100	††Hemerdon 10c.	100	−5	—	—	—
585	325	Northgate C$1	360	−18	—	—	—
485	327	R.T.Z.	469	+4	15.0	3.2	4.6
33	16	Robert Mines	26	+1	—	—	—
58	26	Sabina Inds. C$1	29	......	—	—	—
51	40	††SWCM 10p	40	−1	—	—	—
650	412	Tara Exptn. $1	460	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ф Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- 0 No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. x Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	32	......
Bertam	16	......
Bdg'wtr. Est. 50p	440	......
Clover Croft	60	......
Craig & Rose £1	£11	......
Fife Forge	32½	......
Finlay Pkg. 5p	17	......
Graig Ship. £1	£14xd	......
Higsons Brew.	75	+3
Holt (Jos) 25p	250	......
I.O.M. Stm. £1	187	......
Pearce (C. H.)	465	......
Peel Mills	45	......
Sheff. Refrshmt	102½xd	......
Sindall (Wm.)	142	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92	......
Nat. 9¾% 84/89	£80	......
Fin. 13% 97/02	£95	......
Alliance Gas	48	......
Arnott	290	......
Carroll (P.J.)	65	......
Clondalkin	123	......
Concrete Prods.	73	......
Heiton (Hldgs.)	29	......
Ins. Corp.	260	......
Irish Ropes	46	......
Jacob	31	......
T.M.G.	87	......
Unidare	75	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	16
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	18	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	22	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 26

FINANCIAL TIMES
Tuesday August 5 1980

NEO-FASCISTS BLAMED FOR BOLOGNA BLAST

Cossiga pledge to hunt bombers

BY RUPERT CORNWELL IN ROME

SIG. FRANCESCO COSSIGA the Italian Prime Minister, last night pledged the utmost efforts of his Government to seek out those responsible for Saturday's bomb explosion at Bologna station, in which 76 people are now known to have died.

His first Parliamentary statement on the tragedy left no doubt that investigators believe neo-Fascist terrorists to be responsible.

The slaughter at Bologna "reminds us all of other doctrines of oppression and other horrors which first the Resistance and then the post-war Republic fought to ensure would never be brought back into our country," Sig. Cossiga said.

He recalled three other bombings between 1969 and 1974, in Milan, Brescia and on the Italicus express train, in which a total of 36 people were killed and for which neo-Fascist extremists were responsible.

Before Sig. Cossiga spoke, demonstrations and strikes took place throughout Italy to protest against the outrage.

In Bologna itself, once a centre of the Resistance and now a stronghold of the Communists, 100,000 people gathered in a mass rally.

The Prime Minister told Parliament that the death toll was now 76. As of yesterday morning, 109 people were still in hospital in and around Bologna, many of them in a serious condition. Seven foreigners were killed and 19 were among the injured.

Italian political parties have reacted in unison to condemn the explosion, while some politicians have made thinly veiled appeals for a return of the death penalty for convicted terrorists.

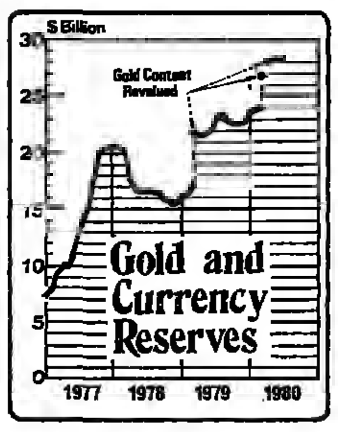
However, the prospect of a speedy result in the search for those responsible for the Bologna attack seemed slim last night.

The extreme Right-wing NAR terrorist group, which first claimed responsibility, has subsequently disclaimed it, as have other Right- and Left-wing extremist organisations.

The hunt will be made no easier by the fact that the Interior Ministry some while ago wound up its special anti-Fascist unit, after appearing to have wiped out the threat from that direction in the mid-1970s.

The authorities have subsequently concentrated on ultra-Left violence, so to some extent they have been caught off guard by what happened in Bologna on

The Italian disease strikes again, Page 14



Reserves show rise of $100m

By David Marsh

The UK's gold and foreign exchange reserves rose by $100m last month, partly as a result of smoothing intervention by the Bank of England to put a brake on sterling's July climb on the foreign exchanges.

The increase—to $28.27bn, the second highest total ever — also reflected the revaluation of the roughly 4.5m ounces of gold that Britain commits to the scheme for the partial pooling of EEC reserves.

After making allowance for the revaluation of both gold and dollars held in the scheme, as well as public sector overseas debt transactions, the reserves showed an underlying rise of $159m last month.

This increase, which reflects a variety of other central bank transactions as well as currency intervention, followed an underlying rise of only $3m in June.

The trade weighted index of sterling's value against a basket of other currencies, strengthened by about 0.5 per cent during July, reaching its highest for over five years and nearly touching the $2.40 level towards the end of the

This seems to have sparked off increased dollar purchases by the Bank. The UK authorities have undertaken not to intervene unduly in the exchange markets for fear of losing control of the monetary targets. Nonetheless, there has been an underlying increase in the reserves of about $2.3bn since sterling started its prolonged bout of strength in November.

Under the EEC scheme, Britain exchanges 20 per cent of its gold and dollar reserves for European Currency Units. As a result of the quarterly revaluation of these holdings, stocks of ECUs went up by $58m last month.

The value of the gold deposited in the scheme increased from $480 per ounce to $590 in July.

Repayments of official foreign debt last month came to $251m.

Government plans tougher cash limits in bid to control wages

BY SAMUEL BRITTAN

THE GOVERNMENT is to rely on much more severe cash limits to restrain the wages of public sector employees, with the aim of linking the public sector wage bill to the monetary targets.

Since these provide for an increase of 6 to 10 per cent in 1981-82 the Government's objective for the public sector wage increase can be described as "high single figures."

The overrun in the money supply to be shown in figures published today is regarded as a technical expression of past excesses. Indeed it will be treated as an additional reason for emphasising the monetary guidelines.

But there is still no question of an "incomes policy" even for the public sector. The crucial distinctions emphasised by Government economic strategists are:

● There are to be no norms, but a spread of settlements. There will also be a trade-off between settlements and numbers employed.

● Despite metaphorical references in political speeches to "setting an example" there is no intention of depressing public sector pay rises below the general run of manufacturing industry.

The recent public sector pay explosion can be traced to the fact that Labour's incomes policy was initially imposed more severely on the public sector. Ministers have no desire to see another rebound like that of 1979-80 during their present term of office.

They want to ensure that cash limits place a discipline on the public sector comparable to that which international competition is already imposing on much of the private sector.

The cash limits which determine the public sector pay bill for 1981-82 are to be fixed as late as possible. Local authorities and nationalised industries need to have some idea of the limits by the autumn. Central government limits can be fixed much later.

The July figure for the retail price index, published next week, will show the disappearance of the VAT increase from the comparison with a year ago, and a further fall as well. The year-on-year comparison is likely to be within a few decimal points of the 16.5 per cent forecast for the end of 1980.

There are likely to be occasional relapses between July and the end of the year when the year-to-year RPI comparison shows a temporary rise. The results of this not very sophisticated comparison depend on movement between months in 1979. But there is considerable confidence that inflation will be below forecast by the end of the year.

State industry loan rules eased

BY ANATOLE KALETSKY

THE NATIONALISED industries have won a "modest but worthwhile improvement" in the system of financial constraints placed on them by the Government.

External financing limits, which are the most direct form of Government control over the industries, and which have been the main source of friction between the Treasury and the industries in recent years, are to become somewhat more flexible.

There will be a cosmetic change, yet to be agreed, in the presentation of external industry borrowing in the public spending totals, to emphasise the fact that most of this borrowing is used to finance productive investment.

The Treasury's rules on nationalised industry borrowing from the National Loans Fund will be relaxed, the enable the industries to increase substantially their proportion of short-term borrowing.

The changes, which are based on the recommendations of a working party of Government officials and nationalised industry managers, chaired by Mr. Bill Ryrie of the Treasury, follow some of the suggestions made by the nationalised industries in a detailed memorandum to the Chancellor, Sir Geoffrey Howe, last autumn. They were announced yesterday by the Chancellor in a written Commons answer.

The reforms of cash limits fall short of the detailed Code of Practice which the nationalised industries would ideally have liked to see. The main practical change is that from 1981-2 onwards the industries will be able to carry forward some borrowing from one year to another. This may not exceed equivalent to 1 per cent of annual turnover plus capital investment.

However, there will be considerable satisfaction among the nationalised industry chairmen that the Treasury has stated explicitly the criteria which are supposed to govern the setting of cash limits.

In the past the industries have claimed that Governments have set cash limits based on unrealistic assumptions, for example about wage inflation.

Continued from Page 1

Prime rate rise

quarters in the last week by allowing the Federal Funds rate—an overnight rate for lending between banks—to drift as high as 10¾ per cent.

The Fed sat on the sidelines yesterday morning as the funds rate hovered around 10¼ per cent. The market was worried that the Fed may signal tolerance for an even higher funds rate, a move which would eventually feed through to the prime.

The rise at Chemical Bank helped to steady the dollar in the foreign exchange markets yesterday afternoon after some early weakness.

In the morning it had dropped in response to a small fall in Eurodollar rates following the sharp rise last week. The fall was checked in the afternoon.

The dollar still ended down on the day, though well up on a week ago, at DM1.7850 compared with DM1.7925 on Friday.

Although it is too early to be sure that U.S. interest rates have bottomed, it is now clear that the confident predictions of most Wall Street analysts of a single digit prime rate by the end of the summer have gone the way of most economic forecasts in the U.S. in the past two years.

Upward pressure on the prime emerged last week when other short-term interest rates in the money markets advanced by a whole percentage point in response to evidence that the worst of the U.S. recession is probably over.

Continued from Page 1

Occidental

Merszei, heir apparent to Dr. Hammer, who joined the company from Dow Chemical only two years ago. Mr. Merszei becomes chairman and chief executive officer of Hooker Chemicals subsidiary.

Chemical, Occidental's chemi-

This is widely viewed as a serious setback for Mr. Merszei. Hooker is the company involved in the Love Canal Affair at Niagara Falls, where it has been accused of poisoning an entire neighbourhood with its chemical dumps.

Mr. Merszei's main experience is, however, in the chemical business. Some analysts said yesterday that his transfer could actually strengthen his position in the company, particularly if he extricates Hooker from the scandal.

COMPLAINT OVER ENERGY POLICY

Steel industry attacks fuel costs

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE steel industry last night joined the growing chorus of attack on the big energy price rises facing manufacturing industry. In a letter to Sir Keith Joseph, the Industry Secretary, the steel producers make it clear that they lay much of the blame for the recent and proposed energy price rises on the Government's energy policy.

The complaint by BISPA (British Independent Steel Producers Association) and the British Steel Corporation follows the recent attack by the chemical producers on Government complacency about the impact of high gas prices—a protest in which it has been joined by the manufacturers of clay, paper and board, and ceramics, all big users of energy.

BISPA and BSC sent Sir Keith a joint working party report which argues that the British steel industry is paying more for its energy than its competitors in Europe and the U.S., in spite of the fact that the UK is richer in energy resources than most of its competitors.

The strength of sterling is also said to be making the industry all the more vulnerable to imports of steel, while it is finding it very difficult to compete in export markets, particularly in view of world overcapacity in steel.

The report warns: "It is scarcely surprising therefore that the past and forthcoming major increases in energy costs will almost certainly result in the closure of many UK steel plants irrespective of their potential for future service of their UK customers in manufacturing industry."

Mr. Ian MacGregor, BSC's new chairman, had already begun arguing the corporation's case with the electricity and gas industries.

Mr. Alec Mortimer, BISPA's director general, says in his letter to Sir Keith: "There is a grave danger that these monopoly suppliers [the electricity supply industry and the British Gas Corporation] will be the means by which Government unwittingly destroys even efficient and competitive manufacturing industries."

Among the report's conclusions are:

● The Government should urgently review its energy supply and pricing policies to ensure that the greatest possible benefits are brought to the nation as a whole from the development of indigenous energy resources.

● Oil. There should be an immediate official investigation into the UK pricing and supply policies of the oil companies.

● Gas: The supply of gas to industry should be deliberately encouraged. The proposed gas levy should be shelved pending a complete investigation of energy pricing and supply policy.

● Electricity: The effective cost of electricity to industry as a whole must be cut.

ICI gas contract, Page 6

Rhodesian bond prices tumble

BY ERIC SHORT

PRICES OF Rhodesian bonds were cut drastically yesterday on the first day of dealing for more than a month.

The fall reflected the market's disappointment over last week's terms of settlement of interest arrears and repayment of capital on matured stocks.

Bondholders are being offered two cash payments—in September and April—plus a series of half yearly payments over eight years.

Since Rhodesia's Unilateral Declaration of Independence in November 1965 no interest has been paid on the bonds and there have been no capital repayments. The 12 stocks publicly quoted on the Stock Exchange were suspended on June 28.

The market hoped the final settlement would include a realistic interest rate on unpaid interest payments and on unpaid capital repayments on market stocks.

However, just more than 5½ per cent per annum, not compounded, will be paid on the capital repayments. No interest will be paid on accumulated interest repayments.

The market's reaction was to cut prices by £15 to £70 as the jobbers took a defensive stance, when trading resumed. For example, the price of the largest bond, 2½ per cent Stock 1965-70, was slashed from its suspension price of £153 to £95.

Stockbrokers Simon and Coates, in a circular to clients, say the terms are disappointing. They feel it is too early to give a final comprehensive appraisal.

The circular says the market may be distorted in the short-term by technical factors. It may take two or three weeks for a more stable pattern of prices to emerge. It advises clients to be patient.

However, it appears other bondholders are not going to be content to accept the terms without at least exploring the possibilities of seeking improvements. Certain bondholders are considering convening a bondholders' meeting to first gauge support for action and then to consider what action is practicable, to get better terms from the Government in Zimbabwe.

Weather

UK TODAY

RAIN in West and North, sunny intervals in East; cooler.

London, S.E. and Cent. S. England, E. Anglia, E. Midlands

Sunny intervals, showers. Max. 18-20C (64-68F).

Rest of England, Channel Isles, I. of Man, Borders, S.W. Scotland, N. Ireland

Occasional rain, sunny intervals in E. and N. Max 16-18C (61-64F).

Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Argyle

Rain at first. Max. 15-16C (59-61F).

Rest of Scotland, Orkney, Shetland

Rain, moderate at times. Max. 13-15C (55-59F).

Outlook: Showers, sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L. Plms.	S	27	81
Algiers	S	29	84	Lisbon	S	27	81
Amsdam.	R	19	66	Locarno	S	29	84
Athens	S	33	81	London	C	19	66
Bahrain	S	37	99	Luxmbg.	S	22	72
Barclna.	S	27	81	Luxor	S	40	104
Beirut	S	30	86	Madrid	S	32	90
Belfast	C	17	63	Majorca	S	32	90
Belgrd.	S	32	90	Malaga	S	26	79
Berlin	S	25	77	Malta	S	31	88
Biarritz	C	24	75	M'chstr	C	20	68
Bmghm.	C	18	66	Melbne.	C	16	61
Blackpl.	C	19	66	Mex. C.	S	21	70
Bordx.	F	26	79	Milan	S	32	90
Boulgn.	C	18	64	Moscow	Th	20	68
Bristol	C	18	64	Munich	S	27	81
Brussels	C	22	72	Nairobi	C	22	72
Budpst.	F	30	86	Naples	S	31	88
B. Aires	C	15	59	Nwcstl.	C	21	70
Cairo	S	35	95	Nice	S	28	82
Cardiff	C	17	63	Nicosia	S	33	91
Cas'b'ca	S	25	77	Oporto	S	23	73
Cape T.	S	22	72	Oslo	S	24	75
Cologne	F	25	77	Paris	C	21	70
Cophgn.	S	21	70	Perth	R	13	55
Corfu	S	33	91	Prague	S	26	79
Dublin	C	19	66	Reykjvk.	C	14	57
Dbrvnk.	S	29	84	Rhodes	S	32	90
Ednbgh.	R	16	61	Rio J'o	S	24	75
Faro	S	28	82	Rome	F	31	88
Florence	F	34	93	Salzbrg.	S	28	82
Frankft.	F	25	77	Singapr.	C	27	81
Funchal	S	26	79	Stckhm.	C	21	70
Geneva	S	26	79	Strasbg.	F	27	81
Gibrltr.	S	24	75	Sydney	S	18	66
Glasgow	R	15	59	Tangier	S	27	81
G'rnsey	R	17	63	Tel Aviv	S	29	84
Helsinki	S	22	72	Tenerife	S	28	82
H. Kong	S	31	88	Tokyo	R	21	70
Innsbrk.	S	26	79	Tunis	S	37	99
Invrnss.	C	15	59	Valencia	S	29	84
I.o Man	C	17	63	Venice	F	30	86
Istanbul	S	29	84	Vienna	C	25	77
Jersey	C	19	66	Warsaw	C	26	79
Jo'burg	S	19	66	Zurich	S	25	77

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. Th—Thunder.

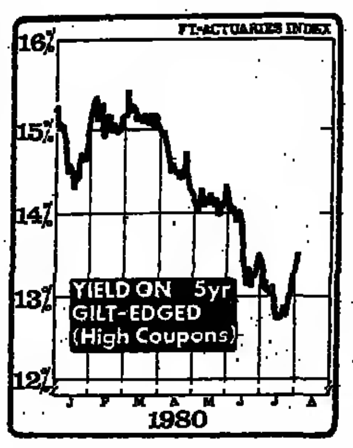
THE LEX COLUMN

Beyond the dip in housing

The London financial markets retreated to the air-raid shelter yesterday ahead of this afternoon's set of banking figures. Gilt-edged lost up to a point, while equities drifted lower and in the money markets, although there was only a mild shortage of credit, three- and four-month interbank rates moved back up above Minimum Lending Rate.

There were other clouds over the fixed-interest market, in the shape of local authority overspending, however unsurprising, and the ½ point rise in Chemical Bank's prime rate. This merely brings Chemical back into line with most other major U.S. banks at 11 per cent, but the direction of the move is ominous.

Index fell 4.5 to 483.4



Building sector

The private housing market is now in ful retreat. The building societies forecast yesterday that the number of loans this year will fall 12 per cent to 628,000; nevertheless, within the space of a few months the queues of anxious borrowers have melted away. House prices for approved mortgages have risen only 4½ per cent in the second quarter, while new house prices actually fell in June.

Building sector share prices traditionally respond early in the cycle, and they are now at a level which discounts a fairly rapid fal lin interest rates and subsequent recovery in activity. In the early months of the year there was a pickup in the shares of major building materials companies, reflecting the realisation that profits should be maintained this year through price increases (in the absence of the Price Commission and import competition), in spite of falling volume. There was a second share price spurt in June and July, which also pulled up the construction companies. Since the beginning of the year the prices of Blue Circle and Tarmac have risen by about half, for instance, while Tunnel is up by 60 per cent. Among the construction companies Costain is two-fifths higher and Wimpey a third.

But it now begins to look as if the market has run well ahead of itself. Projections by the building materials producers have recently been revised downward. The market could shrug off a 1980 projection for a 6½ per cent decline in output, rather than the 5½ per cent forecast in April; but a further drop in 1981 of 8½ per cent, against the 2½ per cent decline previously projected, suggests that the current recession will be much deeper than in the mid-1970s.

The biggest element in the downward projection for 1981 is the turnround from a 13 per cent volume gain to a 14 per cent decline in private househuilding, and construction companies exposed to this sector are going to have a very hard time. Meanwhile, the big materials companies will find price increases inadequate to make up for volume declines on this scale. And several, like Marley, Readymix and Redland, with strong presences on the Continent, may find a sting in the tail of the recession there.

Highland Distilleries

A week before the Glorious Twelfth, Famous Grouse has been granted the protection of the Monopolies Commission. The news knocked around an eighth off the share price of Highland Distilleries, and presumably hunting prospects amongst the other remaining independents are also badly affected.

It is not clear, however, how generally the Commission's decision applies to the whisky industry. In the past the Commission has shown itself to be sensitive to a really strongly argued defence against a bid—as with Rank/De La Rue—without developing any rigorous test of industrial logic. Here again, the wise men have again been strongly influenced by the personalities involved (catalysed by a strong dash of Scottish nationalism).

Some rather more overtly monopolistic bids by British brewing groups have gone through smoothly enough in recent years. There is, of course, a stage at which concentration in the industry becomes indefensible. But there remains a suspicion that the degree of willingness of the family shareholders to sell is still a key factor.

Rhodesian bonds

Holders of Southern Rhodesian bonds had had a weekend to tot up what the Zimbabwe Government's offer was worth, and in general prices came down with a nasty hump from pre-suspension levels. For instance the most widely held bond 2½ per cent 1965-70 slumped from £153 to just £95 as investors realised that all their hopes about the compounding of areas of interest had come to nought.

The difference between simple and compound interest over a period of years can, of course, be substantial. Suppose a bondholder had received his capital and interest arrears on the redemption date of the 2½ per cent stock in 1970. Suppose also that this has been reinvested elsewhere at the modest return of 7 per cent net during the subsequent decade (at times, of course, much more would have been available). By now the cash accumulation would be some £220.

Against this the offer by Zimbabwe is valued in the market at £95, of which some £17 represents a net cash payment due at the end of September. A nominal £140 of annuity thus shrivels away to a present value of little more than half that figure, reflecting tax deductions and the low (and again non-compound) interest rate of 10½ per cent; a very much higher rate would be needed to compensate for the political risks which the stock market still perceives to be attached to Zimbabwe's debt.

Plessey

"Inflation can make a company appear in far better shape than it really is. And put it in the same danger as the man living beyond his means." This extract from Plessey's report to employees, which goes on to liken profits to golden eggs (bafflingly, there is a picture of an apple eaten away by a wasp), must have been written with some feeling. Even after last year's rise in profits, Plessey's dividend is only half covered by current cost attributable earnings, and the group is not replacing its real capital stock: net fixed asset spending is lagging some way behind the current cost depreciation charge of ... £38m... But big changes appear to be under way. Plessey is generating cash, capital spending is climbing, orders are buoyant and the share price—around twice net asset backing—is looking forward to a period of rapid growth.

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